

JACK REALLY IS AS GOOD AS IT GETS
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THE EYE

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THE INDEPENDENT

Friday 13 March 1998 45p (IR50p) No 3,557

Newspaper of the Year for photographs

150 sex offenders to go free without controls

By Jason Bennett
Crime Correspondent

UP TO 150 sex offenders, including at least six notorious paedophiles considered a serious risk to children, are to be released from jail without supervision within the next two years, it was revealed yesterday.

The police, probation and social services, are becoming increasingly alarmed at their apparent powerlessness to deal with dozens of convicted sex criminals who have escaped new laws which clamp down on rapists and paedophiles.

Alun Michael, the Home Office minister, will be urged in a meeting next Thursday to introduce a new register of suspected serious sex criminals, provide greater secure accommodation for newly-released offenders, and to close the loophole that allows dangerous former convicts to go unsupervised into society.

The case of child killer Robert Oliver was used yesterday to illustrate the problem. Police revealed that he arrived in Brighton, Sussex, last October and met up with a convicted paedophile before visiting the children's section of Hove library, the pier, and the beach to watch children. The police were unable to intervene, despite experts' assessment of him as a "very high risk" who "clearly still had an interest in young boys."

Sussex Police also disclosed that it has spent about £100,000 accommodating Oliver in a cell for four months for his protection and is currently paying £330 a day to keep him in a secure private clinic in Milton Keynes.

Oliver was released from prison last September after serving eight years of a 15-year sentence for the manslaughter

of 14-year-old Jason Swift.

Penny Buller, chief probation officer for East Sussex, told a conference in London yesterday that the Home Office had disclosed that there are 150 more sex offenders, who like Oliver, are due to be released from prison without supervision over the next two years. Among the offenders are six dangerous paedophiles, described as posing a serious risk to the public, including Sidney Cooke, a member of the gang which raped and killed Jason Swift. He is due to leave prison next month after serving 11 years of a 19-year term.

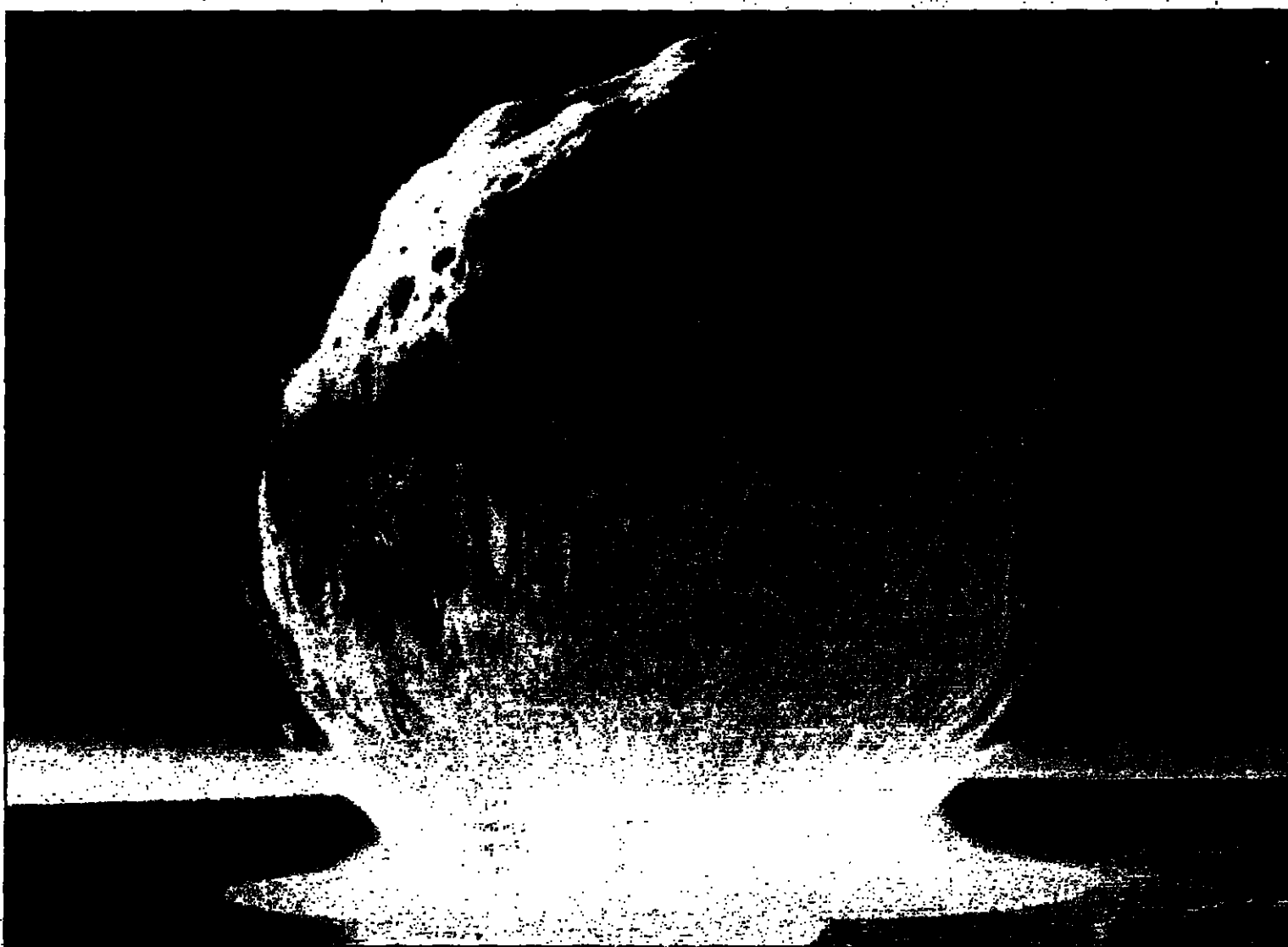
The legal loophole has been created by the Criminal Justice Act 1991 which only obliges people convicted of a sex offence after 1992 to have supervision, usually by the probation service, when they are released. Ironically, offenders sentenced before 1992 would get supervision only if they were considered low risk and released early.

All people who commit a serious sexual crime are placed on the new sex offenders register which is supposed to allow the police to keep track of them, but critics argue this does little to prevent reoffending.

Ms Buller told the conference on sexual offending that she spent four months trying to find somewhere to put Oliver after he asked for police protection. The police even tried a religious retreat in the Outer Hebrides. She warned the episode would be repeated with other dangerous sex offenders.

"The predatory, violent paedophile is a rarity but when the half dozen come out of jail without supervision this is going to cause an immense amount of concern," she said.

It could be us: 1000-1 chance of asteroid hitting Earth



Apocalypse 2028: Artist's impression of an asteroid plunging into the Earth's atmosphere, with catastrophic effect

Picture: NASA

PERHAPS THAT 30-year mortgage wasn't such a smart buy after all, writes Charles Arthur, Science Editor. An asteroid a mile wide is whirling towards the Earth, and there's a chance – very much higher than of a lottery win – that unless we take some avoiding action, it will hit us and wipe out civilisation.

Discovered last year, and known as 1997 XF11, the object is certain to pass closer than the Moon to the Earth. Astronomers even know when worlds might collide: 6.30pm GMT, Thursday, 26 October 2028. What they can't answer yet, and may need another year to calculate, is whether it will actually

hit us or simply whistle harmlessly by 30,000 miles out in space. At present, the odds of an impact are put at 1 in 1,000 because of the errors inherent in calculating its orbit.

An impact would be literally earth-shaking, unleashing the energy of 100,000 hydrogen bombs, causing tidal waves, atmospheric shocks and throwing dust into the air which could induce a new Ice Age. "It would cause a global catastrophe," said Mark Bailey of the Armagh Observatory, an astronomer who takes a close interest in such asteroids. "A quarter of the world's population could be wiped out." An

asteroid four times larger almost certainly wiped out the dinosaurs when it hit the Earth 65 million years ago.

Benny Peiser, an anthropologist at Liverpool's John Moores University who has made a special study of the potential effect of asteroid impacts, said: "We would regress to the level of the Dark Ages. All the trappings of modern life would be totally gone." But, he said, "the Government has completely ignored the whole area and the whole subject. We need a clear research strategy and funding for a detecting system of observatories scanning the sky for these objects."

Scientists will get a chance to determine whether 1997 XF11 is on a collision course in 2002, when its orbit next brings it near the Earth.

If Earth does have a bullseye painted on it, then H-bombs – once regarded as a threat to civilisation – might be its saviour. Professor Bailey explained: "The idea would be to give it a kick without blowing it into smaller pieces. You could detonate a warhead just off its surface, so it vapourises the dust layer; the jet effect would then divert it. But you would want to be very sure you weren't making it worse and diverting it closer."

Labour may offer luvvies seats on the board

By Fran Abrams
Political Correspondent

THEY have eaten countless overpriced fund-raising dinners, given time and money to the cause and sipped champagne at Downing Street drinks parties. Now Luvvies for Labour could be offered a reward – seats on the board.

Anxious to avoid a repetition of last year's left-wing rout in elections to the party's ruling

National Executive Committee, officials at the Millbank headquarters have suggested fielding a celebrity team this year.

Names suggested so far include the Eastenders actor Ross Kemp, authors Ken Follett and Melvyn Bragg, Manchester United manager Alex Ferguson and former athlete Steve Cram.

Among other arty types who have made large donations to Labour are the actor Jeremy

Irons, film producer David Putnam, director Richard Attenborough and author Ruth Rendell. Strangely, all of these are now in the House of Lords, though this will not prevent them from standing.

Last night a Labour spokesman said the party's campaign team had made the "semi-serious" suggestion of a celebrity line-up, reported in today's Tribune newspaper. There were fears that literally hun-

dreds of people might stand, none of whose names would be familiar to most members.

"The idea has been discussed, but in the end it isn't for people here to decide who stands for the NEC. People suggested as a sort of joke that you could see well-known celebrities standing," he said.

However, it would be up to individuals to put their names forward because there would be no official slates.

None of the celebrities suggested were available yesterday to say whether they relished attending monthly discussions on party rules, though.

There was also some doubt about whether all Labour's fashionable friends are still loyal to Tony Blair. Even Ken Follett and his wife, Barbara, previously at the centre of the Blairite glitterati, hosted a party recently at Number 11, home of Chancellor Gordon Brown.

Ferrari boss tempts Schumacher with £52m and a job for life

By Nick Dumbury

THE PREDATORS circling the Ferrari camp looking for a suit of Michael Schumacher have unnerved the prancing horse marque to the extent that they are prepared to offer the German driver a further £52m to see out his Formula One career with them.

Reports in the German newspaper Bild say that Fiat, who own Ferrari, are

determined to prevent Schumacher, twice a world champion, joining McLaren-Mercedes next season. Schumacher, currently paid £17.5m a year, has a contract with the Italian Grand Prix team until the end of next season.

However, the head of Fiat, Gianni Agnelli, is reported to have approved a new contract that would keep the 29-year-old Schumacher at Ferrari for another three years followed by a lifetime

job as the company's roving ambassador. Willi Weber, Schumacher's manager, said: "I prefer not to say anything, just this: there have been no negotiations so far."

Schumacher, despite losing the world championship to Jacques Villeneuve last season, is still regarded as the best in the business and one of the greatest racing drivers of all time. He has competed in 103 grands prix and won 27.

As well as McLaren, being in the frame for his services, the British American Racing team, who have taken over Tyrrell, have made no secret of their interest. Craig Pollock, BAR's team chief, would like to pair Schumacher with Villeneuve in 1999.

"If I can go for Jacques Villeneuve, I can go for Michael Schumacher," Pollock said recently. A comment that Ferrari have taken to heart.

The Ulster Unionist leader reinforced growing Unionist demands for progress on decommissioning before putting a settlement to their supporters. The issue of decommissioning has been dealt with in parallel with the talks, but the Unionist leaders are angry at what they believe are too many concessions to the Republicans. Mo Mowlam, the Secretary of State for Northern Ireland, told Unionists: "We all want decommissioning... However, I cannot force people to do it."

Mr Adams emphasised the importance attached by Sinn Féin to the release of IRA prisoners as a result of a peace deal.

Turn to page 2

Today's news

Derbyshire inquiry to be re-opened

The inquiry into the loss of the British bulk carrier *Derbyshire*, which went down in a typhoon off Japan in 1980, is to be re-opened it was announced yesterday. Page 4

Prostate 'to be commonest cancer'

Prostate cancer in men is set to become the commonest form of cancer within the next 20 years. Page 3

Under-age pregnancies hit a high

The number of under-age pregnancies has hit a 10-year peak. In 1996, 8,800 girls under 16 became pregnant. Page 12

INSIDE GUIDE: WEATHER, P2 • CROSSWORDS, P32 AND EYE P30 • TODAY'S TELEVISION, EYE P32 • SPORT, P29-P32 • FULL CONTENTS, P2

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Prostate will soon top cancer league

By Jeremy Laurence
Health Editor

PROSTATE cancer in men is set to top the cancer league within 20 years. The rapid rise in the disease is being fuelled by the ageing of the population and increased awareness, making it urgent that a means of identifying those at risk is found, Professor Colin Cooper, of the Institute of Cancer Research, said yesterday.

Prostate cancer is the fourth commonest cancer behind those of the lung, breast and bowel. Cases of the cancer have risen by half in the UK in the last two decades to 16,000 a year, but in the US where screening is widespread they have soared three-fold to almost 200,000 cases a year.

The institute is developing a two-stage test that would not only detect the presence of the cancer, but would also identify those men in whom it was likely to progress rapidly.

The prostate is the gland at the base of the bladder which makes the seminal fluid in which the sperm swim. Despite the improved detection rate in the US there had been no fall in deaths up to 1993, the latest year for which figures were available. Professor Cooper said, that could now change. Early reports from North America suggested there had been a fall in deaths and in cases of advanced disease over the last five years.

"If it turns out that screening leads to a reduction in deaths in the US there will be overwhelming pressure to introduce the test here. Potentially, that could create a problem for us which is why we need to find a gene marker."

Signs of prostate cancer can be detected by a blood test known as the PSA (prostate specific antigen) test, but this gives no clue as to how fast the cancer is likely to grow. Only one in five men who test positive for PSA will go on to develop life threatening disease and two NHS studies have rejected the introduction of PSA screening in the UK on these grounds.

Professor Cooper, who is to head the first Centre for Urological Sciences in the UK to be built at the Institute, said that using silicon chip technology to identify gene markers for the disease, it should be possible to predict which men had the most aggressive form of the cancer.

He said prostate cancer was perceived as a disease of old men and attracted only £1 million of research funding for every £16 million spent on breast cancer. However, one in 20 cases ran in families with strong genetic link and could affect men in their 40s.

The cause of the cancer is not understood but is thought to be linked with diet. The incidence is six times higher in the US than in Japan, but Japanese men who emigrate to the US quickly acquire the American rate.

A vaccine against cervical cancer, which could end the need for screening against the disease, is undergoing preliminary tests in humans.

Dr Judy Deacon, an epidemiologist at the institute, said animal studies had shown that vaccination can prevent infection with the human papilloma virus which causes genital warts and is known to be present in almost all cases of cervical cancer. But it would be ten years before it was available.



On sticky wicket: Trevor McDonald's sombre tones could be a thing of the past

Photograph: Brian Harris

Bong ... will News at Ten move to eleven? Bong ... will viewers protest? And finally ... will Trevor stay?

IN THE NEWS

TREVOR McDONALD

AND FINALLY ... are the bongos about to toll for Trevor McDonald? The future of Britain's Mr Nice Newscaster looks suddenly uncertain amid fresh reports that *News at Ten* may be moved way past bedtime, writes Jack O'Sullivan. That once grand institution, it is rumoured, faces demotion to News at Eleven, after the big film and clashing with *Newsnight* on BBC2.

Those who brew their Horlicks in time for McDonald's closing quip would mourn such a move. Not least because Trinidad's most famous son could also prove a casualty. After all, could Trevor any longer resist the lucrative temptations of newsreading for Sky in the face of such humiliation? And would ITN executives want him in any case to keep the late slot? For, over on Channel 5, the fresh-faced, award-winning young pretender Kirsty Young is proving a great crowd-pleaser. Most important, she has news: a spell over devoted young males, who love her sassy mix of Anna Ford and Selina Scott, de-

livering the latest disaster story in unwhipped husky tones. Every advertiser has those well-heeled guys as their chief target. And no one doubts which newscaster is best-placed to keep the blokes up late at night. Given ITN's obsession with winning eyeballs for advertisers, radical change is on the agenda.

So, all in all, Trevor's microphone may be on a shaky nail. Nevertheless, at 58, he has had a good innings: on the spot for the fall of the Berlin Wall, he was first to interview Nelson Mandela after his release. And he was famously invited in for a one-to-one with Saddam Hussein while Kuwait's sand was still fresh between the dic-

tator's toes. Hugely respected for his immaculate presentation and professionalism, he symbolises the charms of a lost past: honesty, integrity, politeness. Benign neutrality and the perfect grammar of his deracinated English are his trade marks. He is to white Middle Britain the acceptable face of black immigration.

So the Bufton Tufon tendency at the *Daily Telegraph* has no problem accepting a weekly column from him. And a man who once dubbed himself "a West Indian peasant" is at ease advising Blimpish readers on which are the finest poems in the English language. As chair of the Better English Campaign, he has even taken his crusade to a political level. It's a charming style which has served many purposes, not least conferring respectability on the dumber down of ITN news, which has increasingly shifted to tabloid-esque coverage.

McDonald's fascination with the media began in Trinidad, where he was born the son of

an oil refinery worker, who supplemented his small income by raising pigs. His father wanted him to be a doctor, or an engineer, or Gary Sobers. Instead, picking up his familiar sombre tones by listening to the BBC at home, he joined the World Service in 1969, going on to be a reporter, diplomatic correspondent and newscaster for BBC, ITN and *Channel 4 News*. Already holder of an OBE, he would be an odds-on favourite for a knighthood had the Tories clung to power. John Major - who shares McDonald's passion for cricket - was a great fan and fought previous attempts to alter *News at Ten's* scheduling. The ex-PM will remember McDonald's sugary interview with him, which Labour politicians condemned as "fawning".

The nation loves this man who pays them the compliment of being more British than themselves. But a vestige of a golden age can quickly look like a relic - especially with Kirsty Young looking over his shoulder.

America shows way to win cash from rich donors

By David Lister
Arts News Editor

Donations to the arts will multiply many times if the Chancellor makes all donations tax deductible in his budget, the secretary of the Royal Academy said last night.

Speaking at a special debate on arts funding mounted by *The Independent* Save the Arts campaign and the Royal Academy, David Gordon urged that "the arts need to campaign with facts and analysis as well as with passion".

Giving a lead on this, he made a detailed comparison with the American system, where all arts organisations are charities. "Americans have a specific section on their tax return," he said. "Donations to charities are itemised in this section and deducted from the income on which tax is paid. Each dollar given reduces the tax bill. This is called itemisation. Very simple, very effective, and as a result two thirds of personal giving is itemised ..."

"American individuals gave \$120bn or £75bn to charities in 1996. This is equivalent to £280 for every man, woman and



Gordon Brown and Genista McIntosh of the National Theatre flanking the campaign logo

SAVE
THE
ARTS

child. Individuals in Britain gave £4.3bn to charities, or about £70 for every man, woman and child ... Simplifying giving will lead to much greater giving."

The Royal Academy of Arts and *The Independent* Forum on Government Funding of the Arts examined the future of arts funding in Britain, following *The Independent* and *Independent on Sunday* campaign urging the Chancellor, Gordon Brown, to make all donations to the arts tax deductible in the forthcoming budget.

We are urging Mr Brown to use his budget to introduce a change in taxation law to enable

people to make tax-free donations to arts companies and venues. A simple system could be brought in to replace the muddled and cumbersome system of tax relief through covenants and the Gift Aid Scheme.

Last night's panel included Jude Kelly, the artistic director of the West Yorkshire Playhouse; Genista McIntosh, executive director of the National Theatre; David Gordon, secretary of the Royal Academy and Peter Jenkinson of the New Art Gallery, Walsall.

Mr Jenkinson made reference to the exhibition *Art Treasures of England*, the Regional

Collections, on show at the Royal Academy. He said: "We should pause to reflect upon the enormous generosity of former generations who enable us to enjoy what we see on the walls today. In the mean-spirited 1990s ... a reminder of such public-spiritedness in such huge proportions is refreshing to witness."

"Public spiritedness toward the arts today will be hugely encouraged by the incentive that all contributions should be tax deductible. People want to support their favourite galleries and other arts institutions. They should be supported in this wish, not discouraged from doing so."

Mapplethorpe publishers defy vice squad

By Paul Routledge
Crime Correspondent

THE PUBLISHERS of a book by the controversial photographer Robert Mapplethorpe yesterday refused demands by a police vice squad to remove two "offending" pictures or to pulp the publication.

The West Midlands police's Paedophile and Pornography Unit is expected to attempt to prosecute Random House publishers under the Obscene Publications Act for two photographs they consider pornographic.

If they are successful they will force libraries to cut out the two images or destroy the books.

The University of Central England in Birmingham, where a complaint about the

book was originally made, is also expected to face prosecution.

The two photographs the police want to ban are Helmut and Brooks, NYC, 1978, which shows a man "fisting" - a form of anal sex - another man. And Jim and Tom, Sausalito, 1977, which is of a man clad in a dog collar, a leather mask and trousers, urinating into another man's mouth.

Gail Rebeck, Chief Executive of Random House, yesterday attacked the move and said: "We consider this investigation to be wholly misguided, and are astonished that a scholarly work of such acknowledged artistic and literary merit should be at risk of prosecution."

"We will be making representation through our lawyers that no action should

be taken, and still hope that sense will prevail." The statement followed a meeting yesterday at Belgrave police station in London between Dan Franklin, publishing director of Jonathan Cape, which is part of Random House, and detectives from the West Midlands police.

The university has already refused to voluntarily destroy the book.

Mapplethorpe, a copy of which is in the British Library and most university libraries, was seized by police last October.

Lawyers acting for the Crown Prosecution Service decided parts of it were likely to "deprave or corrupt" under the 1959 Obscene Publications Act and advised the police that they had grounds to ask the university to voluntarily destroy it.

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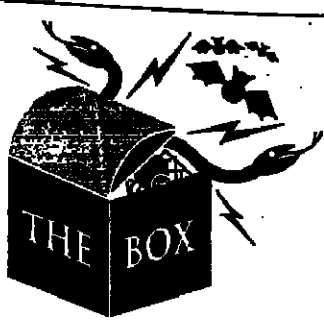
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Judges of the world's richest literary prize yesterday all but excluded US writers from the shortlist. Ten novels will compete in May for the £100,000 IMPAC Dublin literary award for any fiction published in English (including translations), but the only US novel is Jamaica Kincaid's *Autobiography of my Mother*. Contenders familiar to British readers include Graham Swift's *Last Orders* and Margaret Atwood's *Alias Grace*.



Cow computer

A FRIEND at the Ministry of Agriculture has brought Pandora word of a new hi-tech departmental office being established in Workington, Cumbria. This office will house a powerful computer whose tasks will include keeping track of every single cow in Britain.

That may sound mildly amusing, but the background to this story is more serious. When the computer complex was first proposed, under the previous government, there was talk of locating it in either Huntingdon (John Major's constituency) or in Guildford, another Tory heartland. Studies done at the Dept of Ag showed that locating it in the North might actually prove more expensive. But the new government's decision to locate the Cow Computer in the North reflects a "nothing new south of the M4 policy", in the words of one Whitehall source.

Oh, by the way, Workington is not a million miles from Jack Cunningham's Copeland constituency.

Sinn Fein tag

WHEN Gerry Adams left Downing Street yesterday, he drove away in a Toyota people carrier, closely followed by a Range Rover. Tagging along behind them came a rather scruffy blue Metro with a dent in the back. It was driven by Cherie Blair, blissfully unaware that for a few moments she had joined the Sinn Fein motorcade.

Soho country

SOHO HOUSE, the London cinema "player's" answer to the Groucho Club, is joining the countryside movement. The club has acquired an 18th-century manor, Bavington House, for £1.5m near Frome in Somerset. The plan is to open a 30-bedroom retreat with screening room, editing suite and health spa on August 1st. Soho House has 2,000 members and from what Pandora has seen of them at 2.30am in the club's raucous smoke-filled bar, they could benefit from a bit of fresh air.

Other activities planned for Soho-in-Somerset include riding, cricket and croquet. One member wonders if they'll have outdoor lighting to accommodate the club's many night-owls who might fancy a post-midnight round of competitive mallets. Hopefully, someone will explain to the club's more restless bar regulars that "looking for a fox" has a rather different meaning in the West Country than it does on Greek Street.

Oh, Barbie!



FHM, the fantastically successful UK men's magazine whose circulation has soared far above 600,000, is being sued by Mattel Inc, the manufacturers of Barbie and Ken dolls, in a Los Angeles court. Their complaint: photographs of the dolls in sexually explicit, "improper" positions were published in the magazine and have damaged the plastic couple's "wholesome" image.

Pandora rang the mag's editor, but his assistant said, "He doesn't wish to comment." Would James Brown, editor of GQ and founding editor of Loaded, ever say that? Come to think of it, after glancing through FHM it appears that one of its editorial secrets for success is exactly this: don't say much but look at those dolls!

Pandora

Fayed shrugs off new claims over driver



THE Harrods boss Mohamed Al Fayed raises his hands as he leaves a French court yesterday under the protection of gendarmes.

Mr Fayed had met Judge Hervé Stéphan who is investigating the death of Diana, Princess of Wales and Mr Fayed's son, Dodi, and who is said to have been furious about his well-publicised conspiracy theory claims.

The meeting at the Palais de Justice came as it emerged that the Ritz hotel tried to stop staff talking to police about Henri Paul's

drinking "for the benefit of the Royal Family".

A report in L'Express magazine claimed that a barman at L'Espadon, where Mr Paul and Trevor Rees-Jones, the sole survivor, had been waiting for the couple on the night of the crash, said he saw the driver staggering and brush against another barman as he left.

The next day, the barman claimed a senior executive at the Ritz, owned by Mr Fayed, told him to tell police that Mr Paul had drunk only fruit juice.

Poets' war of words leaves blood on the studio carpet

By David Lister
Arts News Editor

IT IS NOT often that Radio 4's Today programme features a discussion on poetry. After yesterday's diversion into literary criticism it might employ extra security men before doing so again. "Give me politics any day," said shell-shocked interviewer Alex Brodie at the end of the literary debate.

In the studio was Michael Horowitz, the godfather of performance poetry, creator of the Royal Albert Hall poetry Olympics. He was invited to comment on new-wave performance poet Murray Lachlan Young. The Byronian rock'n'roll poet won a reputed £1m deal from EMI and has just written a poem for a Virgin Atlantic advertising campaign.

Fortunately, Lachlan Young was not in the studio, or there might have been blood on the Broadcasting House carpets. The unfortunate Chris Meade, director of the Poetry Society, was there, but you would hardly have known it as Horowitz, despite entreaties, barely let him get a word in and refused to be silenced, yelling that Lachlan Young "will be forgotten in eight minutes" as Mr Brodie tried to move on to the next item.

The nub of Horowitz's literary argument went as follows: "If he [Lachlan Young] is a poet at all, he's not a very good poet ... a poet aged 28 is lauded to the skies, but at the age of 28 he has written a load of garbage ... He's

dressed up to look like Byron, that doesn't make him write like Byron ... and forget about the £1m ... he hasn't made more than £30,000."

Lachlan Young's spokeswoman said yesterday that he had made considerably more than £30,000.

But, the literary debate did not end there. For Lachlan Young happened to be listening to the radio at home. A few hours later he summoned up his powers of imagery and lyricism to hit back: "Yes," he sighed, "I'm sitting at home sticking a photograph of myself on a punchbag to send to Michael Horowitz. I expect his unnatural obsession with me is more of a sexual thing. But I draw the line at sending a rubber doll."

Lachlan Young's verse for Virgin seems unexceptionable, if a little repetitive in style and rhyming scheme. He rhapsodises over the in-flight entertainment system as "Destination Stimulation". He rhapsodises over the business-class seats as being available for an "extra donation". And he rhapsodises yet again over business class as "Destination Relaxation".

The Horowitz revenge is coming. He says he is working on a poem called A New Westland denouncing the commercialism that has sprouted phenomena like Lachlan Young. But for now the last word belongs to Lachlan Young. He revealed last night that Horowitz's son Adam, who runs a poetry club in Stroud, Gloucestershire, has invited him to do a gig there.

Extract from A New Wasteland

by Michael Horowitz

The rock of artistic aspirations today - Publishing, Broadcasting, Prizegiving, So-called critical standardising - Seems immalleably fixed, defined, Motivated and controlled by a Transatlantic Dunciad of accountants, Profiteers, expert packagers ...

£300,000 slap on wrist for ICI after toxic leak

By Nicholas Schoon
Environment Correspondent

BRITAIN'S biggest chemical company received its largest ever fine in the UK yesterday, after 150 tonnes of toxic chloroform gushed out of a pipe and polluted groundwater for decades, and perhaps for centuries.

The Government's Environment Agency was delighted with the £300,000 fine against ICI, saying it sent a clear signal to boardrooms that pollution did not pay. But even though it is Britain's second biggest fine for any pollution crime, it is less than one tenth of one per cent of the group's pre-tax worldwide profits.

The leak was only discovered when a contractor spotted a three-foot high fountain of chloroform gushing from a broken filter in a pipe at ICI Chemicals and Polymers sprawling site at Runcorn, Cheshire. The escape, which happened in broad daylight, went undiscovered for four-and-a-half hours in April last year.

"This was a careless incident

which caused serious environmental damage," said the environment agency's chief executive, Ed Gallagher.

"I hope the scale of today's fine is an indication that the courts are beginning to understand the impact of what industry does when it pollutes the environment."

Warrington Crown Court was told that as well as polluting the Weston Canal and nearby River Weaver, 123 tonnes of the chloroform sank into the ground.

There is a chance that several decades from now it could pollute a drinking water borehole four miles away at Frodsham.

The maximum concentration allowed in drinking water is 100 parts per billion.

The chloroform, made for use in refrigerators, can cause unconsciousness and prolonged exposure causes kidney and liver damage. There were no reports of people living or working nearby suffering any ill effects.

ICI pleaded guilty to causing pollution and not keeping its equipment in good operat-

ing condition, and was ordered to pay £51,200 compensation and costs. Judge David Hale said adequate risk assessments had not been carried out and there had not been proper monitoring of chloroform flow in the pipeline which would have alerted ICI to the problem.

A company spokesman said: "We're sorry it happened and we're taking all steps to make sure nothing like this happens again. We thought the fine would be a big one."

ICI hopes the court case will end a sorry chapter of pollution bangles which damaged its reputation last year.

Escapes of hazardous gases and liquids at several plants led to prosecutions. A "hit squad" of six Environment Agency pollution inspectors was sent into its Runcorn plant to carry out an emergency audit of company procedures last May following three serious incidents, including the chloroform escape.

The largest pollution fine in Britain was £1 million, imposed on Shell UK after a massive oil pipeline leak seriously polluted the Mersey Estuary in 1989.

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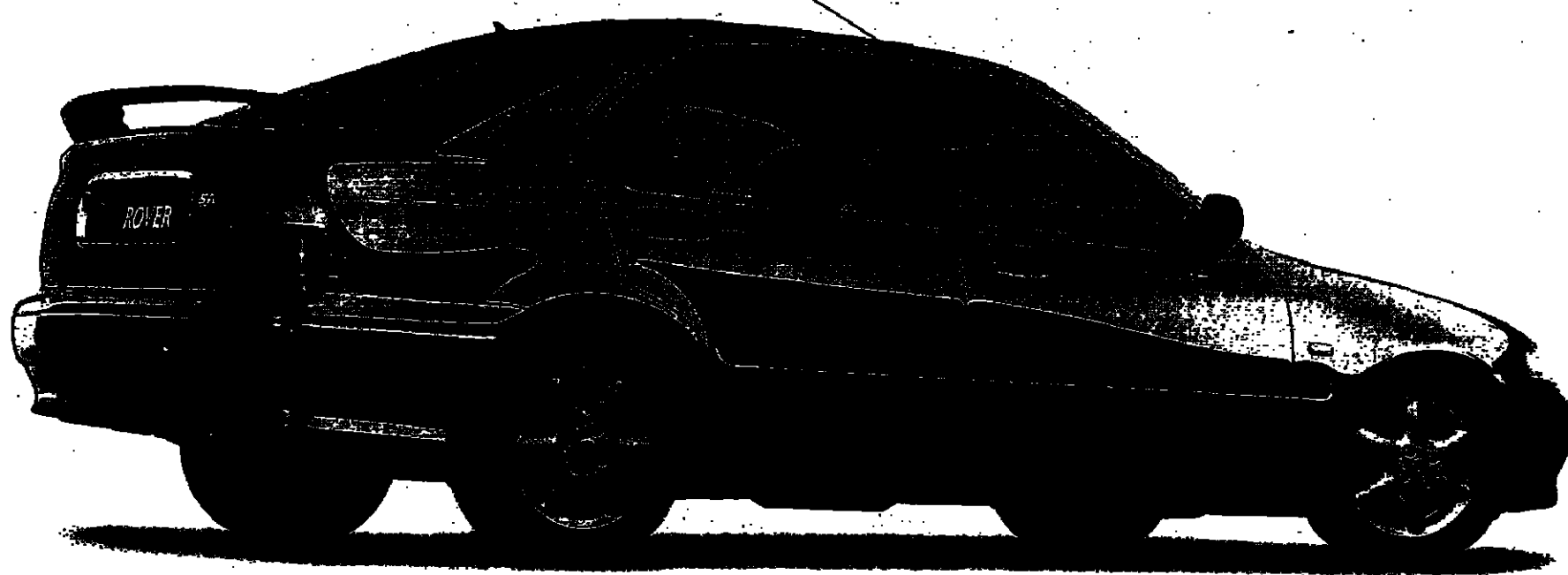
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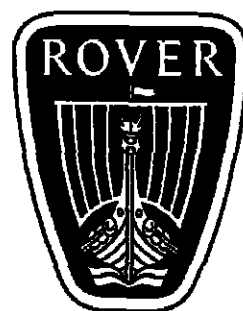
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Ex-servicemen may get credits to study

By Colin Brown
Chief Political Correspondent

THE GOVERNMENT is considering copying President Bill Clinton's GI bill to give former-servicemen credits to cash in for studies which could help them get jobs in Civvy Street under fundamental reforms to the armed forces outlined yesterday by the Secretary of State for Defence, George Robertson.

Mr Robertson signalled a shift in Ministry of Defence thinking towards doing more to help men and women to secure careers after serving with the armed forces, both to help recruitment and cut down unemployment.

"This is one of the 'people' issues that we are focusing on in the review. The 'people' element is going to be a strong part of the review when it is announced," a spokesman for the MoD said.

The United States GI bill, which Mr Robertson said he was "studying with great interest" was passed to give

forces personnel points which could be cashed for training or education, when they left service. It is believed it will help keep people in the services longer to earn more points.

Mr Robertson said that around 20,000 joined the forces each year, most staying for 12 years or less. About 30,000 left the armed forces last year, and the introduction of a GI-style scheme would fit into Tony Blair's agenda for a "new deal" to get people back to work.

Mr Robertson's speech at Chatham House was described as a "milestone" in the strategic defence review, which he made it clear was not a peace-time cost-cutting exercise to meet demands for more money to be spent on hospital beds than bombs.

He disclosed that the MoD was studying plans for ordering a new generation of bigger aircraft carriers, similar to those deployed by the US in the Gulf. He admitted they would be more expensive than the current

generation of Invincible-class carriers for short-take-off Harrier jump jets, and it could dismay both the Treasury and Labour supporters who were looking for big savings in defence spending.

The Secretary of State for defence gave a clear hint that there would be more mergers of back-up forces for deploying helicopters, ground-to-air defence missiles and units to deal with nuclear, biological and chemical attack. But he said he would not be abolishing or merging any of the three armed services. "Rumours about the demise of the RAF and the merger of the Royal Marines and the Parachute Regiment can be given a decent burial."

The ending of the Cold War has forced the MoD to review the need for troops to be based in Germany, but Mr Robertson hinted it would continue to underpin Britain's commitment to Nato in Europe. Tank numbers may be cut, but there would still be a need for them in the future, he stressed.

Anti-hunting lobby goes down fighting



Joint action: Sheila Burkitt, 66, with Fred the Fox at yesterday's anti-hunt protest opposite Downing Street Photograph: Andrew Burman

By Nick Schoon
Environment Correspondent

THE ANTI-hunting Bill is likely to be killed off today and its death will leave the wealthy, vocal anti-blood-sport groups at a loss over what to do next.

Yesterday, Labour MP Michael Foster was still refusing to give up hope, manoeuvring with a fresh amendment to avoid his Private Member's Bill being filibustered to death by a few senior Conservative MPs. "If we're going to go down, we're going to go down fighting," he said.

The anti-hunters have won their greatest ever support from MPs, with 411 votes in favour at last November's second reading. They have demonstrated through several opinion polls that three-quarters of Britons oppose hunting with hounds, and that even most country dwellers are against it. Prime Minister Tony Blair has repeatedly said he opposes the sport.

Yet, despite having spent £1m on advertising alone over the past few months, they are no nearer a hunting ban. All that has been demonstrated is that a Private Member's Bill can never get such legislation enacted unless the Government gives it parliamentary time and support.

The painful reality now facing the three animal rights groups which comprise the Campaign Against Hunting is that the Labour government, with a huge majority, was and still is their best hope. There is no chance of applying political pressure to the Government by getting the Tories or Liberal Democrats to join their cause.

Indeed, one of the three, the International Fund for Animal Welfare, (IFAW) said this week that it would have to consider standing anti-hunting candidates in marginal constituencies at the next general election.

IFAW's sister organisation, the Political Animal Lobby, gave £1m to Labour before the general election, largely in the hope of a ban. Yet Mr Blair and his cabinet have decided that ending it would be too risky - both in terms of getting much higher priority legislation bogged down in parliament and of raising the wrath of the rural establishment.

The pro-hunting lobby, the Countryside Alliance, has given ministers the impression that while its side may be in the minority, passion and determination more than makes up for this. The libertarian argument - that people should be free to pursue their sport even if it offends the majority - has also won ground.

IFAW and its partners, the Royal Society for the Prevention of Cruelty to Animals and the League Against Cruel Sports, are not considering organising mass rallies, like the two organised by the pro-hunting movement. They say it would prove little.

Nor do they accept any compromise which would try to make hunting with hounds less cruel to deer, foxes and hares.

The anti's best hope is that the Government, under pressure from MPs and the voters, will relent and give useful backing to a fresh Bill in a year or two. Meanwhile, they warn that the Bill's failure - which they claim as a failure of democracy - may lead to upsurge in hunt sabotage.

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French back move to lift EU beef ban

By Colin Brown
Chief Political Correspondent

JACK Cunningham, the Minister of Agriculture, has reached a deal with the French which ministers believe will give them the breakthrough Britain has been fighting for two years to achieve with the lifting of the European export ban on British beef.

The Government is confident that it can win a vote to start lifting the export ban on beef from Northern Ireland, which is covered by a traceability scheme, at a two-day meeting next week of European agriculture ministers in Brussels following a round of jet diplomacy by Mr Cunningham. Officials said yesterday it could mean that Ulster beef could go on sale for export "within a few weeks".

Tony Blair regards the victory as so important for his government that the agenda is being arranged by the British presidency of the European Union to make sure the breakthrough can be announced on Monday to avoid it being overshadowed by the Budget 24 hours later.

The French abstained when the European veterinary committee voted by 10 to 4 to recommend the lifting of the ban, but Mr Cunningham secured the support of the French to back Britain at a meeting in Paris with the French agriculture minister, Louie Le Penec.

The Germans are still hold-

ing out, with Spain, Luxembourg and Belgium, but Mr Cunningham is said to have told the Spanish agriculture minister at a meeting this week that he had enough votes lined up to secure victory.

A ministerial source said: "Jack has done a deal with the French, and he has got it in the bag now. There is always the chance of a slip, but it looks like we will win."

"It will show that a pro-European Labour government can do what a Euro-septic Tory government failed to achieve."

The Ulster traceability scheme was introduced to stop fraudulent cross-border trading in cattle. It has enabled the authorities to tag and trace every cow and calf in Northern Ireland, and to provide proof that BSE is not present in the herd.

Ministers are pressing ahead with a certified herd scheme for the rest of Britain to put all cattle on a computer base as big as the car registry at the Driver and Vehicle Licensing Agency.

Next Tuesday Jeff Rooker, the minister of state for agriculture, will visit the computer system in Workington, Cumbria, which will trace millions of cattle, when it is fully operational in September.

A Whitehall source said: "You can never guarantee these things, especially where Europe is concerned, but it is pretty unlikely the ministers will overturn the recommendations of the vets."

Ministers warned over union rights

By Barrie Clement
Labour Editor

THE LEADER of one of the Labour Party's biggest affiliates yesterday registered his suspicion that the Government was preparing to water down manifesto commitments on employee rights.

John Edmonds, president of the TUC and general secretary of the GMB general union, warned ministers that the movement was capable of mounting demonstrations in London more than twice the size of the recent 100,000-strong countryside march and was prepared to do so to make its point.

Addressing the TUC's women's conference in Scarborough, he said unions failed to appreciate the extent to which they would need their lobbying skills after Labour's election victory, and he urged

ministers to honour the "substance and the spirit" of a manifesto pledge to introduce union recognition laws.

The CBI believes it has the ear of ministers on the issue and that considerable hurdles will be placed in the way of unions winning negotiating rights at reluctant companies.

The proposed legislation is to be a key element of the Fairness at Work White Paper to be published in May.

In an interview with Radio 4's *Today* programme Mr Edmonds said: "This is very important for us. It's a clear manifesto commitment that everybody understood. I think the Labour government will understand that if it didn't deliver that there would be some very difficult consequences within the party." Unions still command half the votes at policy-making conferences.

Growing a hedge too far should be a crime, say MPs

By Anthony Bevins
Political Editor

A POSSIBLE crime of hedge-growing was backed by more than 60 MPs from all sides of the Commons yesterday.

Welcoming the recent suggestion from Richard Caborn, the Planning Minister, that Leylandii hedges might be required to have planning permission, the motion suggested even more extreme measures to deal with "this increasing menace" - criminal sanctions.

Sponsored by Lynne Jones, Labour MP for Birmingham Selly Oak, the motion said that while "a key element in many of the most distressing disputes over high hedges is unsocial behaviour and harassment", the existing Crime and Disorder Bill might provide a means of tackling the problem.

However it was dealt with, the MPs wanted "effective measures to tackle the vindictive impulses of those who insist on allowing their hedges to reach monstrous heights, with

the main purposes of inflicting misery on their neighbours."

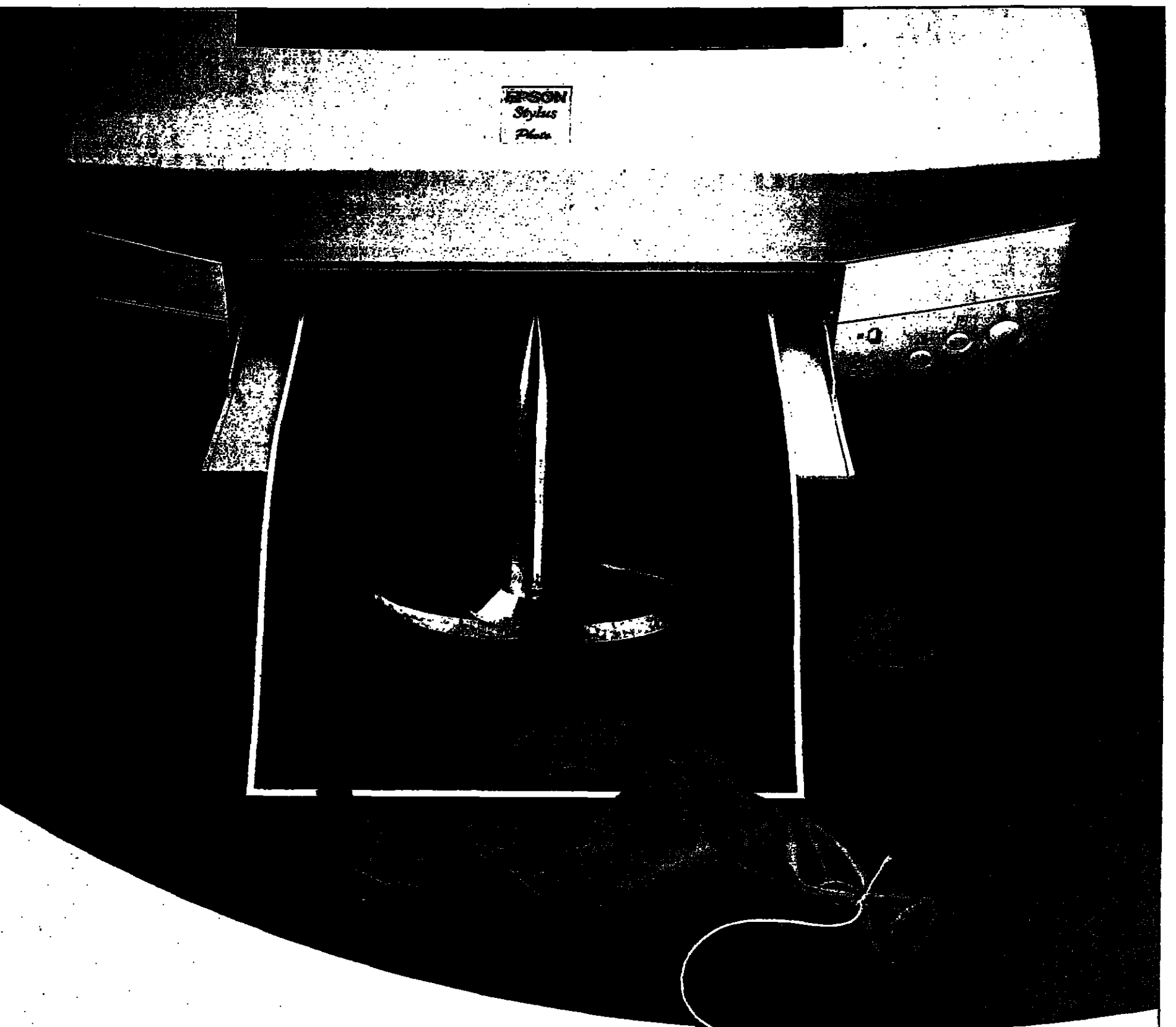
One of Dr Jones's constituents is Michael Jones, who spent 18 years and £100,000 in legal fees on a dispute with a neighbour over a 26-foot Leylandii hedge.

Mr Jones, who was allowed to prune back the offending hedge to a height of 12ft, has since set up a support group, called Hedgeline.

Dr Jones has won the backing for her motion from signatories stretching from Ken Livingstone on the Labour Left through to David Amess on the Thatcherite Right of the Conservative Party.

Dr Jones told *The Independent* that she did not want to stop people growing Leylandii hedges, or any other kind of large hedge. "It's only when it forms some kind of anti-social or oppressive behaviour," she added, "then, the fact that there is some kind of sanction might help to ease matters, and in most cases help to solve the problem."

Knife hedge: Michael Geiger with his carved Leylandii at his home in Billericay, Essex



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Schools to get marks on whether they improve

By Ben Russell
Education Correspondent

SCHOOLS are to be graded on how well they improve children's exam performance, the Government announced today.

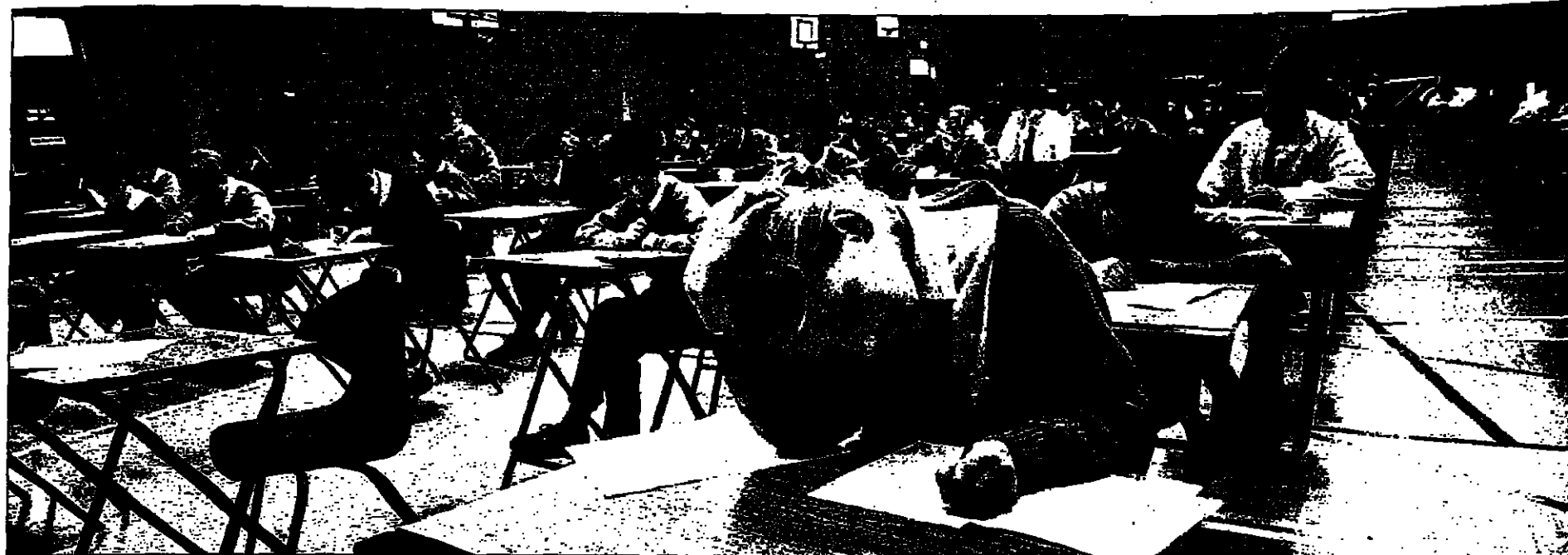
Ministers want new league tables to push children currently getting C grades in their GCSEs up to Bs and As.

League tables to be published in November will give every school a mark from A to E to show how well it improved exam scores.

The tables will also include a new A-level-style points score for pupils, designed to reflect the marks children actually get, rather than just the number who get five or more grade Cs as at present.

Announcing the change, Education Minister Estelle Morris said parents would be offered more information than ever before about how their children's schools were performing.

She said: "A school which may have been complacent because of the number of children



Potential learning: New league tables aim to make schools push pupils currently achieving C grades in their GCSEs into the As and Bs

getting C grades will now have to push those children to get A and B grades to do well.

"Schools will also have to concentrate on improving the performance of children currently getting D and E grades, if they are going to get a good points score overall."

Tables currently measure the percentage of children who get five or more GCSEs at

grade C or above, leading to claims that schools can concentrate on getting more children to achieve five C grades, rather than raising standards overall.

The new system, proposed in a consultation document published yesterday, will retain all the existing information about exam marks and truancy.

But they will also give points for each grade at GCSE, ranging from one point for a G to eight points for an A*. Tables will include an average number of points per pupil.

A progress index is to be introduced which will compare schools' GCSE results with their scores in national tests for 14 year olds and give an idea how well pupils progress.

Ms Morris said: "That's what we are looking for: no excuses, but solid, measurable improvement between these two stages."

"A points score will reward the hard work schools do with all pupils, so they will be under pressure to raise the achievement of all pupils," Ms Morris said.

Initially, the index will grade schools from A to E on whether their GCSE results are above or below the average for schools achieving similar scores in the Key Stage Three test for 14 year olds.

Ministers want to introduce even more sophisticated so-called value-added measures

which track individual pupils as early as next year. A pilot will be launched in 200 schools this year.

The changes also include new A-level points scores, bringing in vocational GNVQs, and a separate table for children with special needs.

Doug McAvoy, general secretary of the National Union of Teachers, said: "These changes are a move in the right direction, though they still fail to take account of the many factors external to a school which will impact on achievement."

David Hart, general secretary of the National Association of Head Teachers, said: "It is critical that the performance of secondary schools is judged across the entire ability range, otherwise the least able pupils, who the Government wishes to assist most, suffer a grave injustice."

But Nigel de Gruchy, general secretary of second largest teaching union, the NASUWT, warned: "The whole bureaucracy involved in the business fills me with horror. On no account must classroom teachers be drawn into the business."

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More information for parents

The new school league tables include several extra measures designed to give more information to parents.

Main points include:

■ An A-level-style point score for GCSE exams, ranging from eight points for an A* grade to one point for a G. Schools will be measured on the average number of GCSE points gained by each pupil. Vocational GNVQs will also be included in the points tally.

■ A School Progress Measure, giving each school a mark from A to E. The grades will show how well schools performed at GCSE compared with their results in national tests for 14-year-olds.

The new table will show parents whether the GCSE results are better or worse than the average for schools getting the same results in the national curriculum tests.

■ Points scores for A-level standard advanced GNVQs, and a new points measure including both A-levels and GNVQs.

■ A measure showing the number of pupils with special needs getting Certificates of Achievement, a qualification designed for those who cannot cope with GCSEs.

■ All the current measures, including the number of pupils getting five or more good GCSEs, truancy rates, and conventional A-level point scores, will remain.

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Doctors in turmoil over body searches

By Fran Abrams
Political Correspondent

DOCTORS who are refusing to carry out intimate body searches on criminal suspects without their consent are to meet ministers to discuss their concerns.

Although Home Office guidance says doctors can carry out the searches with impunity, the medical profession has taken a different line.

Doctors believe that if they carry out the searches for drugs or weapons without consent they could be found guilty of serious professional misconduct or even convicted of indecent assault.

Guidance to members of the British Medical Association suggests that not only should they refuse to carry out searches without consent, but that a detainee's consent may be suspect because a refusal can be seen as incriminating.

"Doctors who feel in conscience bound to participate in such procedures should take note that they are personally responsible for the decisions they take," the BMA warns.

Last night a BMA spokeswoman said doctors who were asked to carry out searches were often forced into "interesting" conversations with suspects. They had to say they would not touch the detainee without consent while at the same time suggesting a search by a police officer would be much less pleasant, she said.

"In most cases for the patient it would be better for it to be done by a qualified medical

practitioner. But the ethics of it are quite clear - to conduct a search without consent is assault," she said.

Searches for drugs must be carried out in a hospital or surgery, while searches for weapons can take place in a police station. Drugs searches in particular are delicate operations because if heroin is swallowed in a condom which then splits there is a risk that the suspect may die of an overdose.

Dr Michael Knight, Honorary Secretary of the Association of Police Surgeons, said that although 132 intimate searches were carried out in 1996, the last year for which figures were available, far more would have been done if consent had not been an issue.

He suggested that one solution might be taking urine samples without consent - a procedure which would not require the presence of a doctor. However, the situation had reached "a classic impasse."

"I don't see any way forward. This isn't a theoretical business, it's a real business and I think any doctor or nurse who went against these guidelines would be running a grave risk," he said.

The BMA's guidelines to doctors say that searches should preferably be carried out by a police surgeon. If one is not available another doctor, a registered midwife or a registered nurse should be sought in that order.

Authorisation must be made by an officer of at least the rank of superintendent, and should normally be made in writing.



Actress's novel appearance

OSCAR nominee Helena Bonham Carter, decked out in a Victorian period costume, poses for the photographer Annie Leibovitz at the Freud Museum in Hampstead, north London.

The 31-year-old actress who has starred in 17 films, including Mary Shelley's *Frankenstein*, has won an Oscar nomination for her latest film role, as Kate Croy in Iain Softley's adaptation of Henry James's novel *The Wings of the Dove*.

Leibovitz catches the quintessential Englishness of Ms Bonham Carter in this photograph - *The Victorian* - which appears with a host of others taken by the celebrity photographer and featuring in April's "Hollywood 1998" edition of the magazine *Vanity Fair*.



Cricket chief 'appalled' by sexism claims

ENGLAND'S cricket chief today hit back at a former Lord's receptionist who branded him a sexist and a bully, saying he was "saddened and appalled" by her allegations.

Tim Lamb, chief executive of the English Cricket Board, denied Lord's had paid for Theresa Harrild to have an abortion.

Miss Harrild, 32, rocked the upper echelons of English cricket

yesterday when she won an industrial tribunal claiming she had been dismissed after being forced to terminate her pregnancy.

Mr Lamb said: "We are pretty appalled by what are some pretty hurtful allegations."

The former Middlesex cricketer denied all allegations made by Miss Harrild during the case, including a claim that he

had referred to women cricketers as "dykes and lesbians".

He stressed that he was personally working hard to promote women in cricket.

Speaking at Lord's, he declined to reveal why Miss Harrild had lost her job, but he said: "I would completely deny what she said."

"My personal attitude towards her situation was one of

sympathy and understanding.

"We thought we acted in an entirely appropriate manner and in good faith. There was absolutely no pressure put on Miss Harrild by senior management here to terminate the pregnancy."

This robust response was undermined yesterday, however, when a second woman employee at Lord's alleged sex dis-

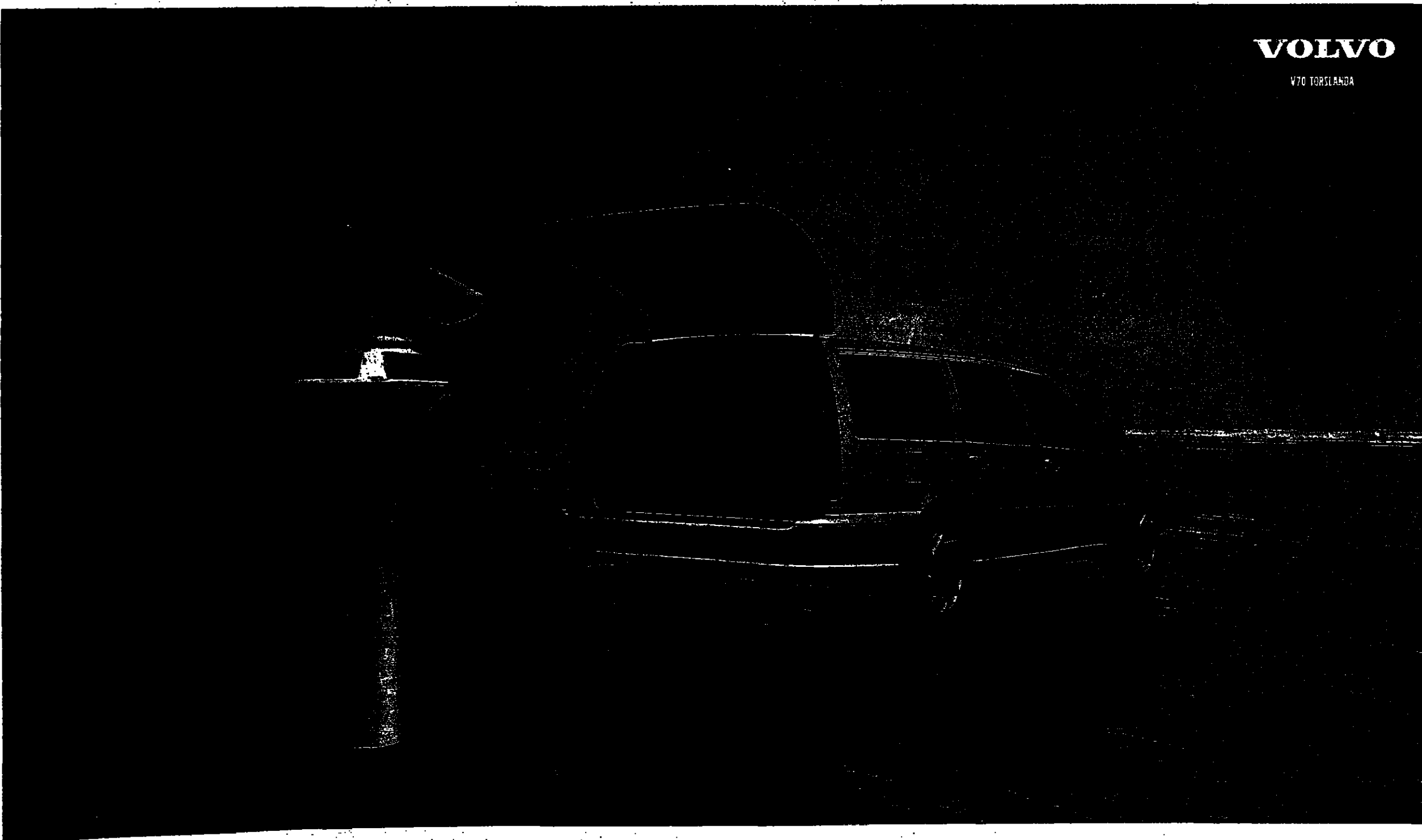
crimination, "malicious" behaviour by senior male staff and being sent pornographic e-mail. Marketing secretary Sarah Bladon told London's *Evening Standard*: "I think I was expected to find it amusing, but I found it very offensive."

The secretary told the paper that she was shocked by the "malicious way" her employers had claimed Miss Harrild was

sacked because of her inability to do her job and that she was unpopular with other staff.

"I realise that I have nothing to gain and everything to lose, but I feel I have to tell the truth about what has happened."

A spokesman for Lords denied there had been any "un-toward behaviour" towards Sarah Bladon.



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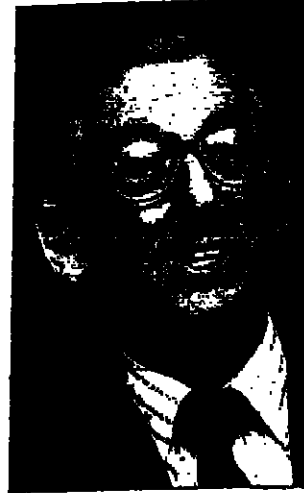
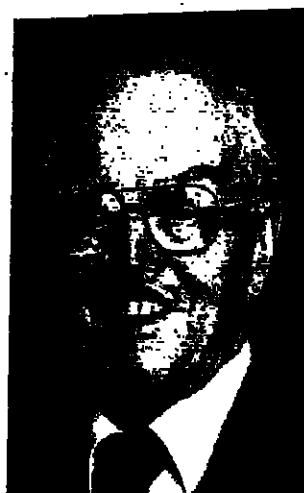
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All in a name: Paul Hamlyn (left) had hoped to give his name to the new South Bank, thus joining illustrious donors in Britain such as Sir John Moores and Baron Sainsbury

South Bank philanthropist trips up in his quest for immortality

By Louise Jury

THE publishing tycoon Lord Hamlyn was set for fame in posterity. The South Bank arts complex in London would have been renamed the Paul Hamlyn Centre, had not the Arts Council this week scuppered a planned refurbishment which Lord Hamlyn pledged to support with £17m.

The millionaire philanthropist would have joined

Henry Tate, the sugar magnate who funded the London gallery in his name, and Lord Sainsbury, who paid for the extension to the National Gallery, in becoming a feature on the artistic landscape.

The re-naming would also have confirmed a trend well-established in the United States where donations to good causes buy status and, for the most generous donors, immortality. Mark Phillips, who explored

the American charity scene for a *Modern Times* documentary programme, The Generous Rich, to be broadcast later this month, said: "In New York, philanthropy is a means to climb socially. People are loathe to admit it, but it's clear."

Colin Tweedy, director of the Association for Business Sponsorship of the Arts, said the situation in Britain differed from America, but British benefactors increasingly want-

ed people to know about their gifts. "It's a very interesting phenomenon. We're getting more and more of it. As the state's role is reduced, corporates and individuals are becoming more important," he said.

"A lot of the great givers in Britain were - or are - Jewish and the Jewish philosophy is that the best gift is an anonymous gift. However, most human beings want immortality. Very few individuals are so

altruistic that they do not want their name used."

So there is now the Rupert Murdoch chair of communications at Worcester College, Oxford, Sir John Moores University in Liverpool and the Sainsbury wing of the National Gallery. But Mr Tweedy said that was not new. Balliol College in Oxford was founded in 1263 by the widow of John de Balliol.

Yet there are those who

shun publicity. Janice Blackburn, who yesterday won an award sponsored by Montblanc honouring individual patrons of the arts, said she and her husband, David, a property developer, did not want anything named after them. "It's the work that interests me," she said.

They set up annual lectures for young people by design innovators such as Issey Miyake, and funded matinees for school children at the Royal Opera.

Pill scare led to rise in pregnant under-16s

By Glenda Cooper
Social Affairs Correspondent

FAMILY planning campaigners warned yesterday that the ramifications of the health scare in 1995 over some brands of the contraceptive Pill were still unfolding, as it was revealed that the number of underage pregnancies was the highest for more than a decade.

Figures from the Office for National Statistics show that the conception rate among girls aged 13 to 15 rose by 11 per cent between 1995 and 1996. It is the third year in a row that there has been such a rise.

In 1996, 8,800 girls under 16 years of age became pregnant, the highest number since 1985 when there were 9,406 underage pregnancies. The conception rate among this age group in 1996 was 9.4 per 1,000 girls, 11 per cent higher than the 1995 rate of 8.5 per 1,000.

The Government is currently looking at ways to tackle the number of under-age pregnancies in Britain. A national programme is expected to be launched next May.

The Family Planning Association said that it was concerned by the figures and blamed the increase in part on the Pill scare of October 1995. As a result of health fears, young girls may have delayed using contraception despite becoming sexually active.

Anne Weyman, chief executive of the FPA, said: "We urge the speedy implementation of a national policy which will guarantee good information and advice for young people to help them make informed choices."

And Ann Furedi of the Birth Control Trust added: "The Pill scare seriously undermined

women's confidence in hormonal methods of contraception. The Pill was damaged in the eyes of young women and they saw it as less desirable to start on it. Whether or not they sought alternative methods of contraception we don't know, but the advantage of hormonal methods of contraception is that you don't have to think about it at the time."

Yesterday's figures show that 52 per cent of girls under 16 who become pregnant have an abortion. The total number of pregnancies among girls under 16 dropped from an all-time high in 1985 of 9,406 to 7,243 in 1993.

The overall conception rate among women aged 15 to 44 increased slightly between 1995 and 1996 from 74 to 76 per 1,000.

There are clear regional differences in the rates of teenage pregnancies. In 1994-96, the deprived south London district of Lambeth, Southwark and Lewisham had the highest conception rate among under-16s in England and Wales - 17.6 per 1,000 - while the East Surrey health authority area had the lowest rate of 3.5 among this age group.

One of the initiatives to tackle underage pregnancies favoured by public health minister Tessa Jowell is to encourage teenage boys to talk about the emotional as well as physical aspects of relationships.

Focus groups designed to look at the issue, involving young people, parents and teachers, will be set up in the spring.

"There is a role for parents and for teachers," Ms Jowell said. "Having sex at 12 or 13 robs you of your childhood and it is the job of parents and teachers to safeguard a childhood."

DAILY POEM

Lithium

By Robin Robertson

After the arc of ECT
and the blunt concussion of pills,
they gave him lithium to cling to -
the psychiatrist's stone.
A metal that floats on water,
must be kept in kerosene,
can be drawn into wire.
(He who had jumped in the harbour,
burnt his hair off,
been caught hanging from the light.)
He'd heard it was once used
to make hydrogen bombs,
but now was a coolant for nuclear reactors,
so he broke out of hospital barefoot
and walked ten miles to meet me in the snow.

"Lithium" comes from *Penguin Modern Poets 13* (Penguin, £7.99), which will be the last volume in this influential series. It contains a selection from the work of Michael Hofmann, Michael Longley and Robin Robertson, chosen by the poets themselves.

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Officers in exile plot Saddam's fall

By Patrick Cockburn

SENIOR Iraqi army officers who have fled Iraq in recent years plan to set up their own military organisation to overthrow President Saddam Hussein. The move comes because they are frustrated by the helplessness and divisions within the Iraqi political opposition.

"Army officers outside Iraq know those inside and still in the army," says General Wafiq al-Samarra'i, the former head of Iraqi military intelligence, who escaped from Baghdad in 1994.

"A military organisation should be set up in northern Iraq [Iraqi Kurdistan where there are no Iraqi troops] or in a neighbouring Arab country."

The move is relevant because of greatly increased support for the Iraqi opposition from the Republican majority in the US Congress, who see the defusing of the crisis over the inspection of Iraqi weapons of mass destruction as a defeat for America. They have added \$38m (£24m) for opponents of President Saddam to the US State Department authorisation bill.

General Samarra'i helped organise a small opposition army under the aegis of the Iraqi National Congress, an opposition umbrella group, which in 1995 tried to overthrow President Saddam through armed attacks aimed at fomenting mutinies and defections within the Iraqi army. He told *The Independent*: "The political opposition is helpless because they are divided."

Ironically, American support for Iraqi opposition groups is increasing just as their ability to overthrow the Iraqi government is on the decline. Although the US Congress is likely to allocate funds for their support, they no longer have any true safe havens in Kurdistan or in the Marshes of Southern Iraq.

The head of the Iraqi Mukhabarat security police was



Two sides: A protester holding a poster of Saddam Hussein in a demonstration against United Nations sanctions outside the UN Development Program headquarters in Baghdad yesterday. Above, General Wafiq al-Samarra'i, who escaped from Baghdad in 1994 and advocates military action against the President. Photograph: AP

received by Kurdish leaders in Arbil and Sulaymaniyah, their main cities, in January.

General Samarra'i admits that the chances of a successful coup d'état were diminished by the agreement brokered by Kofi Annan, the United Nations Secretary-General, with President Saddam. He believes that some Iraqi generals would have moved against the regime if US and British air strikes had occurred in February.

He says the Iraqi leader will move quickly to improve his relations with Arab governments in Egypt, Syria and the United Arab Emirates. He does not think that President Saddam will give up his weapons of mass destruction, not least because they played a

key role in the defeat of Iraq by Iran in the eight-year-long Iran-Iraq war.

General Samarra'i, who then headed Iraqi military intelligence against Iran, paints a chilling picture of President Saddam's use of chemical weapons, culminating in a plan to put chemical warheads on missiles fired at Tehran, the Iranian capital, in 1988. He says the Iraqi leader was worried that poison gas, being heavier than air, would keep low and Iranians would be able to survive by sealing doors and windows and getting into high buildings.

The plan devised by Iraqi military staff officers was first to send in Iraqi fighter-bombers to strike at Tehran. General Samarra'i says: "They planned

to bombard the city with bombs which would break all the glass in the windows. This would allow the gas to spread."

At Halabja, a Kurdish city in Iraq, some 7,000 Kurds were killed by Iraqi poison gas in 1988 and those that survived continue to suffer genetic defects.

Other Iraqi observers believe that President Saddam's determination to keep some chemical and biological weapons comes from their successful use against Iran. One, who was in touch with the Iranian leadership in 1988, says Iraq sent a private message to them saying that it might put chemical warheads on its missiles. He says this was a significant reason why Iran sued for peace. The general says that Iraq

estimated Iran suffered 90,000 casualties from chemical weapons in the war. Iran says that the figure is 50,000, of whom 10 per cent died. This excludes the Kurdish civilians killed at Halabja. A UN mission of inquiry, which visited Iran and Iraq at the time, put the blame on both sides, though it did not visit Halabja. Western criticism of the use of poison gas against Iranians was muted.

Currently General Samarra'i says that Iraq has about 40 missiles left. He says a UN figure of two or three is based on the number delivered by the Soviet Union before the Gulf War, but there are others which were made out of Soviet spare parts or which were largely manufactured in Iraq itself.

He says they are accurate only to within some three kilometres, but this does not matter in the case of chemical or biological warheads. He believes that there are about 100 cases of biological weapons which could be put in warheads.

Between 1986 and 1989 General Samarra'i was the chief military contact between the CIA in the US Embassy in Baghdad and the Iraqi Army. He says he met with the CIA once or twice a week to be shown US satellite pictures of Iranian positions and more-detailed maps based on the pictures showing US analysis of what they represented. In 1989 President Saddam, after the defeat of Iran, ordered that contacts with the CIA cease.

Right-wing fury at Israel's TV history

By Eric Silver
in Jerusalem

ISRAEL'S public service television is fighting off angry demands from right-wing ministers and MPs to pull a critical 22-part series on the first 50 years of the Jewish state.

The series, *Thumah* ("Rebirth"), has shone a harsh light on Israel's treatment of its Arab minority and its oriental Jewish immigrants in the 11 episodes screened so far. A surprise hit with Israelis, it mercilessly showed how national heroes such as Golda Meir and Moshe Dayan squandered the opportunity for peace in the years between the 1967 and 1973 wars.

A programme to be screened next month will depict what Israelis call "terror" and the Palestinians "armed struggle" from both sides of the barricade, using footage from PLO archives captured during the 1982 invasion of Lebanon, as well as interviews with Israeli victims and fighters.

Yehoram Gaon, a popular actor and singer who introduced each episode, sparked the row by resigning from the series. Limor Livnat, the Likud Communications Minister, demanded that the broadcasting authority take it off the air immediately and urged the Prime Minister, Benjamin Netanyahu, to intervene. "I don't know any normal nation that would present the other side's position so favourably," she said. "That ...

has caused severe damage to the state of Israel."

Hanan Porat, a settler MP, called on *Thumah's* producers to make a second series from a "national" perspective. Moshe Peled, the Deputy Education Minister, accused the documentary makers of presenting half-truths in the guise of history.

The authority rejected these strictures, though it will follow the more controversial episodes with a live debate. One veteran broadcaster said privately: "We have grown up. We're no longer living in the days when the news was controlled from the prime minister's office."

Spokesman Zvi Lidar told *The Independent*: "We knew we were picking at open wounds. But each programme was made with the help of ... historians representing different political views and different approaches to history."

Ronit Weiss-Berkowitz, who directed the episode on armed struggle, defended her treatment. "At times the film adopted the other side's point of view and those are pictures we are not used to seeing," she said. "One of the objectives was to understand that blood was split on the other side as well."

Ilan Pape, a historian at the university of Haifa who has challenged the Zionist version of the Israeli state's formative years, said *Thumah* was a sign that such criticism had become legitimate. "It will be more difficult to limit the debate now," he said.

Nuclear spy moved from solitary

JERUSALEM (AP) — Israel has decided to release the spy Mordechai Vanunu from solitary confinement and move him into a cell with other prisoners, his lawyer said yesterday.

Avigdor Feldman also said there was a possibility that Vanunu would be released once he has completed two-thirds of his 18-year sentence next month. A former technician at Israel's nuclear reactor in Dimona, Vanunu, 43, gave photographs of the plant to the *Sunday Times*. Based on the information, experts said that Israel has the world's sixth-largest arsenal of nuclear weapons. He has been held in isolation since 1986.

A formal announcement concerning Vanunu's move out of solitary was expected by the end of the week, ahead of a Supreme Court hearing on the case. Mr Feldman said the government apparently changed its position, in part, because of international pressure.

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Lewinsky to sue Tripp over tapes

By Mary Dejevsky
in Washington

MONICA LEWINSKY, the former White House trainee who may or may not have had an affair with President Bill Clinton and been prevailed upon to lie about it, is suing her one-time colleague and confidante, Linda Tripp, for violating her privacy, according to her lawyer, William Ginsburg.

The disclosure, made by the publicity-conscious lawyer in an interview with the doyenne of United States television talk-show hosts, CNN's Larry King, brought back to centre stage the question of Ms Tripp's secretly recorded tapes.

(With both Ms Lewinsky and Mr Clinton denying under oath that they had a sexual relationship, the tapes are so far the only evidence to the contrary. In more than 30 hours of talk, Ms Lewinsky apprises her friend of intimate details relating to what she says was an 18-month affair with the President.)

She reportedly tells Ms Tripp, a former member of the White House staff who now works for the Pentagon, about presents she received from Mr Clinton, trysts in the Oval Office, her prowess in performing oral sex, her unhappiness on being transferred to the Pentagon and her disappointment when the relationship



A friendship betrayed: Lewinsky (top) and Tripp

ended. The tapes were played this week for the benefit of the grand jury hearing testimony in the Lewinsky case.

The route by which the tapes emerged as legal evidence is one of the most controversial aspects of the saga. Ms Tripp is said to have taken them personally to the independent prosecutor, Kenneth Starr, who was then investigating the Clintons' involvement in the Whitewater

land deal in Arkansas. After hearing them, he received permission to extend his inquiry to encompass the allegation that Mr Clinton may have perjured himself by denying an affair with Ms Lewinsky and inducing her to deny it.

Mr Starr then helped Ms Tripp to be "wired up" by the Federal Bureau of Investigation to record a further conversation. It was at the end of this clandestine recording session that Ms Tripp's stratagem was exposed and a distressed Ms Lewinsky was confronted with the contradiction between her sworn denial and what she told her friend on tape.

Ms Tripp, from whom little had been heard until yesterday when she gave an interview to the newspaper *USA Today* says she wanted people to know the truth about the Clinton White House. But she has become a figure of popular opprobrium for betraying the trust of her friend. A resident of Maryland, she could also face legal charges because clandestine recording is a crime in that state. She also appears to be encountering difficulties at work, claiming to have been deprived of some of her duties. A Pentagon spokesman denied her title or \$90,000-plus (£50,000) salary would change and said there was no move to end her employment.



Bare essentials: Models posing in Milan for People for the Ethical Treatment of Animals (Peta) in the first "Rather Go Naked Than Use Fur" campaign aimed at men, fashion's latest target. Photograph: Antoni Calanni

US aircrew blamed for 20 deaths

AVIANO (Reuters) - The US military yesterday blamed the crew of a Marine Corps jet for the deaths of 20 people in a cable car tragedy in Italy and said the men might be court-martialled on manslaughter or homicide charges.

Major General Michael DeLong, Marines Corp deputy commander in the Atlantic, told a news conference at the US airbase in Aviano, north-east Italy, that "aircrew error" had caused the plane to shear cable-car wires and send the car plunging into a mountain.

Gen DeLong's report said the crew of the EA-6B Prowler surveillance aircraft "aggressively manoeuvred their aircraft, exceeded the maximum air speed and flew well below 1,000 feet" on a training mission on 3 February.

Lieutenant-General Peter Pace, commander of US Marine forces in the Atlantic, said he had ordered a pre-trial investigation into the crew and an investigation of all other officers involved in the mission in the Dolomites mountains.

The crew inquiry would consider "whether charges such as involuntary manslaughter or negligent homicide, damage to private and government property and dereliction of duty should be referred to a general court martial," he said.

Italian prosecutors are also investigating the incident in which the victims, crushed below the mangled wreckage of the car in the resort of Cavalese, died instantly.

Gen DeLong said Marine Corps investigators had not been able to question the "mistake crew" members. The men had declined to answer questions. "We have not been able to interview the air crew so we have no idea what they thought or what they were thinking," he said.

Rising number of US Muslims threatens to displace Jewish lobby

By Mary Dejevsky

IN LITTLE more than a decade, the number of Muslims in the United States is set to overtake the number of Jews, in a shift that has far-reaching implications for America's domestic and foreign policy.

By 2010, it is estimated that the US Muslim population - which has risen from an estimated 0.4 per cent of the population to almost 1.4 per cent today - will pass the declining

number of Jews. The 1997 *Britannica Book of the Year* gives only proportions, saying Jews, who accounted for 3.3 per cent of the population in the mid-Seventies, will account for only 2 per cent in 2000. By 2010, it projects, the proportion of Muslims and Jews will have switched.

Figures obtained from Jewish and Muslim organisations, however, suggest the crossing point may already have been reached. They give similar figures for their current numbers

- about 6 million each. The US Census Bureau does not record statistics by religion or culture.

But what is incontestable, is that in purely numerical terms the position of Jews and Muslims is being reversed.

The increase in Muslim numbers reflects partly immigration from the Indian sub-continent and north Africa in the Sixties and Seventies, but also the accelerating rate of conversion by African blacks. Converts are estimated to ac-

count for half the present number of Muslims and the number of converts is increasing fast.

If it were just a matter of numbers, the effect of this shift might be limited. The prominence of American Jews has long enabled them to punch above their weight in politics and business. But the Muslims are catching up. The growing influence of US Muslims is reported in this week's *Newsweek* magazine, which stresses the vitality of what it calls the "new

Islam" - an Americanised blend of the strands of Islam which has little truck with restrictions on women. "The US is arguably the best place on earth to be Muslim," the report says. "Multicultural democracy, with its guarantees of religious freedom and speech, makes life easier for Muslims than in many Islamic states in the Middle East."

It says Muslims are emerging in the professions and as a cohesive voting bloc. US Mus-

lims, it concludes, may become a force to be reckoned with.

The demographic trend has not gone unnoticed by the White House. At the end of Ramadan, the President sent a message to the Islamic countries and American Muslims, and Hillary Clinton hosted a party for Muslim women.

It is in foreign priorities where the demographic shift may be felt most keenly. Already, the coolness between Israel's present government and

Washington has clipped US wings in the Middle East. It has also provoked divisions among American Jews about how Washington should proceed.

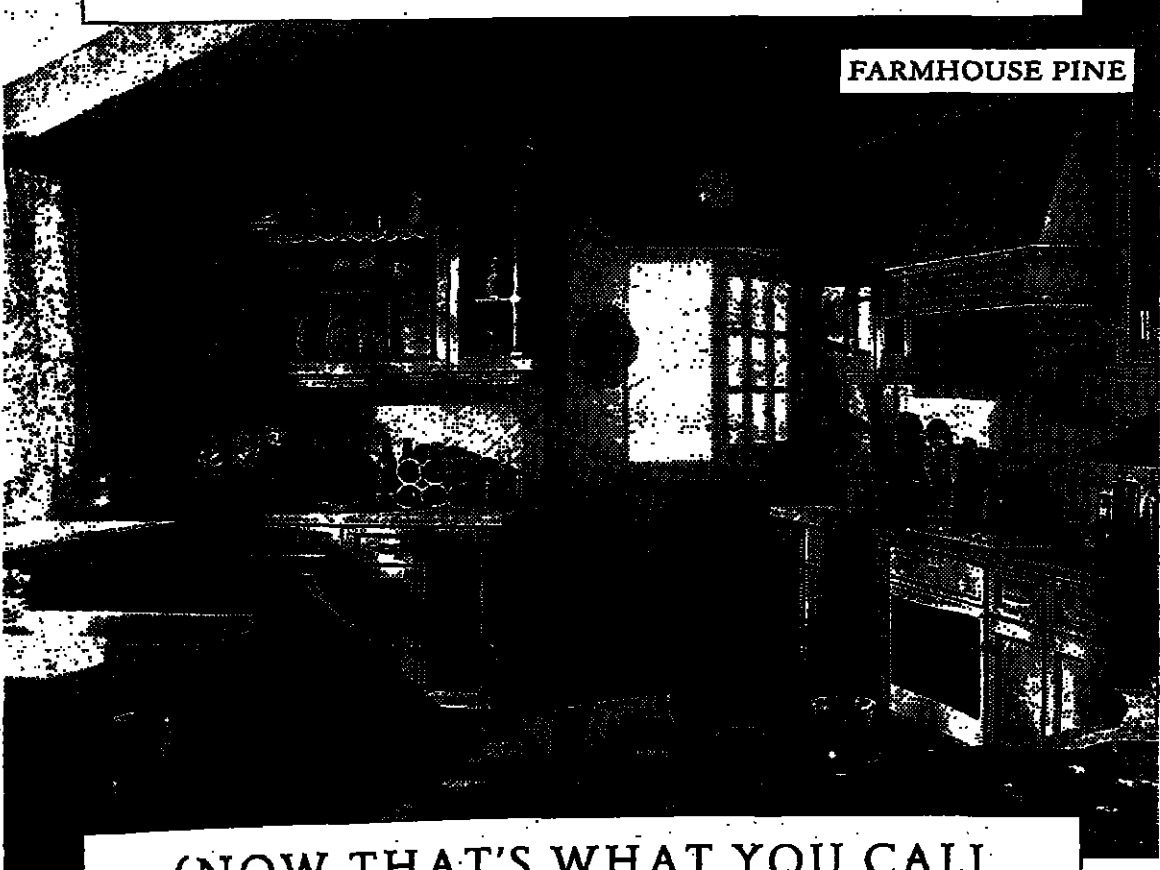
But while policy differences and declining numbers may weaken the celebrated "Jewish lobby", there is as yet no Islamic lobby to challenge for more influence. And Washington, still caught in the thicket of past hostilities with Iraq, Iran and Libya, is finding it hard to contemplate a change of direction.

Within the decade, however, it may not be thirst for Middle East oil that pushes Washington to treat with Arabs, but a wealthy, vocal and streamlined lobby right in its midst.

■ Chicago (Reuters) - The number of anti-Semitic incidents in the US has dropped for the third consecutive year last year, the Anti-Defamation League reported. In 1997 there were 1,571 cases, resulting in 78 arrests. A record 2,066 cases were reported in 1994.

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Danish PM clings to power

DENMARK'S Social Democrat-led government scored the narrowest of victories in Wednesday's general elections - its one-seat majority served up by a few hundred waverers in Greenland, writes Imre Karacs.

Confounding opinion polls which had predicted a win for the opposition led by Uffe Ellemann-Jensen, the outgoing administration's expert handling of the economy was rewarded by the voters, but the extreme right made strong gains.

"I want the present economic policy to continue," Prime Minister Poul Nyrup Rasmussen declared after his triumph. "There will be no slackening."

During Mr Rasmussen's tenure since 1993, unemployment has been nearly halved, to just over 7 per cent, the economy has experienced one of Europe's best growth rates, and budget deficits turned into a surplus last year. Yet this boom has not prevented the rise of the racist Danish People's Party, which scored more than 7 per cent and enters the political stage with 13 MPs at its first attempt.

Turkey plays the spectre at feast for the new Europe

By Rupert Cornwell

THE LEADERS of the 26 present and aspiring members of the European Union yesterday celebrated the impending launch of EU enlargement, only to find the lavish affair dominated by Turkey, the country that refused to attend the party.

The first European Conference, two-and-a-half hours of choreographed confabulation on either side of a state luncheon hosted by the Queen at Buckingham Palace, was above all symbolic, marking what the Commission President, Jacques Santer, called a "historic chance" to unite Europe for the first time in 500 years.

But from the potential stumbling block of Cyprus to the Conference's one substantial decision, to step up co-operation in the fight against illegal drugs trafficking, the ghost of Turkey, which refused to come after being excluded from even the second wave of candidate countries, dogged proceedings.

An offer from Glavkos Clerides, President of the internationally recognised Greek Cypriot republic, to include Turkish Cypriots in the team

which is scheduled to open negotiations with Brussels at the end of this month, appeared doomed to rejection, as it failed to meet Ankara's demand for prior recognition of the Turkish Republic of North Cyprus, the statelet headed by Rauf Denkash. EU foreign ministers will make another attempt to bridge the gap when they meet informally in Edinburgh today and tomorrow. But if they fail to do so, Cyprus may turn into an obstacle that conceivably could wreck the entire enlargement process.

Britain insists that, failing an agreement, accession talks should none the less start with the Clerides government. France, however, feels the exercise would be pointless if the Turkish Cypriots were absent and an overall Cyprus settlement had not been achieved.

But if the French have their way and EU discussions with Cyprus are put on ice, then Greece might retaliate by blocking the start of entry talks with the other five first-round candidates - Poland, Hungary, the Czech Republic, Estonia and Slovenia. Negotiations with Lithuania, Latvia, Slovakia, Bulgaria and Roma-

nia will begin at a later unspecified date.

The absence of Turkey removed much of the point of this drugs initiative by the EU, given that Turkey's position between Asia and Europe makes it a key conduit for hard drugs like opium and heroin from the Far East and the former Soviet republics of central Asia.

Having failed with every blandishment to lure the Turkish Prime Minister, Mesut Yilmaz, to yesterday's summit, the EU can but hope Ankara swiftly changes its mind. The invitation was "genuinely meant", Tony Blair insisted yesterday.

The conference was a "great political occasion", President Jacques Chirac told his colleagues. "I have only one regret, the absence of Turkey, Turkey has a place among us."

But Mr Yilmaz seems to have decided otherwise, and blames Germany above all for the impasse, accusing it of insisting on a "Christian Europe", in which it might acquire more "Lebensraum" to the East. That reference to the Nazi justification for the extra territories it seized in the Second World War has especially infuriated Bonn.



Old hands: Tony Blair with the French President Jacques Chirac at Buckingham Palace yesterday Photograph: Reuters

Germany keeps race at heart of citizenship

By Imre Karacs
in Bonn

THE LATEST attempt to reform Germany's anachronistic law on citizenship has been sacrificed on the altar of government unity.

Threatened with the demise of the coalition, Chancellor Helmut Kohl's junior partners, the Free Democrats, abandoned plans this week to support a change in the racially motivated rules on nationality.

Their U-turn robs hundreds of thousands of children born in the country of the chance to automatically become German citizens.

Since 1913, a German has been defined as a person with German blood in his or her veins.

Millions of "ethnic Germans", whose ancestors had been settled in Russia by Catherine the Great, have "returned" to the land of their forefathers, many unable to utter so much as a *Guten Tag*. They do, however, enjoy all the trimmings of the welfare state, including a passport, subsidised language courses and generous resettlement grants.

Immigrants, their children and their children's children brought up and educated in Germany have, meanwhile, remained nationals of the old country.

Unlike most other states in Europe, Germany does not grant citizenship to people who are merely born and resident in Germany.

An estimated seven million "foreigners" are reckoned to be living in Germany. The Free Democrats, the opposition Social Democrats, and some leading politicians in Chancellor Kohl's party, have recognised that the current practice hinders their integration.

After protracted horse-trading, the Social Democrats struck a compromise with the liberal elements in the government.

Their amendment, which was due to go to the Bundestag later this month, proposed to grant automatic citizenship to the children of "foreigners", in cases when at least one parent had been born in Germany.

In practice, this change would have mostly affected third-generation "Gastarbeiter" - workers imported in the Sixties for tasks deemed even then too menial for the natives.

At the age of 18, such "new Germans" would have still had to choose between their German passport and the nationality of their grandparents, because Bonn does not recognise dual citizenship. And the amended law would have re-

tained the overwhelming priority accorded to genetic origin.

But even this minor relaxation proved too radical for the right. Bavaria's Christian Social Union, the most conservative faction in the governing block, had vehemently opposed any change.

In the end, the mainstream represented by Chancellor Kohl was forced to come down in favour of the Bavarians. Earlier this month, Free Democrat defectors had inflicted an unprecedented defeat on the government, siding with the opposition on the vote on a controversial bugging law.

After that fiasco, the Bavarians made it clear that their liberal partners would not get away with another act of defiance. "Anyone from the FDP who votes with the SPD on citizenship law would vote against



Kohl: Had to shelve reforms

the coalition and destroy its basis for co-operation," warned Bernd Probstner, the General Secretary of the Christian Social Union. The FDP heard the message and surrendered.

The row and eventual impasse over this issue is a perfect illustration of the paralysis in Bonn. In the past four years, Chancellor Kohl has had to shelve virtually all his reform plans because of sniping from the wings. With elections approaching and the coalition heading for defeat, the turmoil is set to become worse.

Not content with shouting down the nationality law, the Bavarians are upping the stakes, demanding tighter restrictions on foreigners already resident in Germany.

That in turn is likely to provoke a backlash from the Free Democrats, who must urgently demonstrate their enduring liberal spirit to their dwindling supporters.

None of this is improving Mr Kohl's electoral chances. The latest poll puts the CDU-CSU block 11 points behind the resurgent Social Democrats, while the FDP is teetering on the brink of extinction.

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Milosevic races to halt killing in Kosovo

By Andrew Gumbel
in Belgrade

THE Yugoslav President Slobodan Milosevic is racing against the clock to solve the Kosovo crisis having put the province on the international agenda by supporting the killing of dozens of Albanian villagers.

With the international community threatening sanctions if he fails to act positively in the next 10 days, he must now decide whether to escalate the tension he has created, or to sit down and negotiate seriously.

This test of his political mettle could not be played out over a more intractable problem. The Kosovo question has threatened to pit Albanians and Serbs against each other in armed conflict since 1989, when the province's Albanian majority lost their autonomy and found themselves subject to a police state controlled from Belgrade.

Long before the current killing spree, the Albanians cut off all relations with the Serbs and created their own parallel state as a prelude to a full independence. The Serbs, meanwhile, refused to let the province go, vaulting their nationalist attachment to the land of the first Serb rulers and the seat of the Serb Orthodox Church.

While President Milosevic's government has continued to insist that Kosovo remain Serb, the reality is that fewer and fewer Serbs are staying and only the repressive police presence has prevented an Albanian takeover.

The paramilitary attacks on rural villages, dressed up as a campaign to root out Albanian terrorism, have actually served President Milosevic quite well in domestic politics: he has created consensus in the fragile coalition government and distracted attention from their desperate economic problems. But now he has to deal with an enraged outside world. The six-nation Contact Group imposed a number of punitive measures last Monday and threatened further sanctions if progress towards a solution was not apparent by 25 March.

Essentially, President Milosevic has three options: he could resume the police attacks and escalate the conflict; he could use

the threat of war as an excuse to give Kosovo away, or he could keep sowing confusion and milk the crisis for all it is worth.

The advantage of the first option, total force, is that it would keep alive the nationalist dream that brought him to power. The disadvantage is that Serbs have been deeply disillusioned by the Yugoslav wars of secession and have little stomach for another fight. An already impoverished Serbia probably could not survive another bout of deep international isolation and could be devoured if the conflict sucked in the Albanian communities of Macedonia, Bulgaria and Albania itself.

The advantage of the second option, capitulation, is that Kosovo cannot be maintained by force alone and risks becoming a serious political liability as the Albanian population swells and Serbian numbers dwindle. If Kosovo remains within Serbia, it could be just a few decades before the Albanians can outvote the Serbs - not just in their own province, but in the country as a whole.

The disadvantage is that capitulation would never be swallowed by a political class that has vowed time and again to keep Kosovo Serbian.

That leaves option three, fudging. This is certainly the game Mr Milosevic has played so far: yesterday he sent a negotiating team to Pristina, the Kosovo capital, to hold talks with the Albanians. Only the day before, however, the police had forced villagers to bury their dead without forensic scientific examination of the bodies. The Albanians turned down the offer to talk, calling it a Serbian exercise in "play-acting".

During the Bosnian conflict, Mr Milosevic was one of the key instigators of the national sentiments that triggered the fighting; when the time was ripe, however, he softened his line and made himself an indispensable guarantor of peace.

He seems to want to play a similar game in Kosovo. But does he really have anything to offer the Albanians, and can the exasperated international community avoid falling into the same trap again?



Star performers: Israeli girls waving yesterday during the annual parade in Tel Aviv for the Jewish festival of Purim - the Feast of Lots, which celebrates deliverance from the plot of Haman. A quarter of a million people lined the city's streets
Photograph: Eya Warshavsky/AP

Swept by a gale of vodka and humbug

MOSCOW DIARY



Phil Reeves

IT'S OVER for another year, thank God. While International Women's Day slides by unnoticed by most other countries, Russia marks the occasion with a two-day holiday in which the entire country is swept by a gale of humbug, bogus gallantry, and vodka.

This year was even worse than last. One male politician after another barged onto the airwaves to make self-serving speeches about the wonders of the fairer sex.

The occasion did at least offer the Russian media a chance to explore the intricacies of the male attitude to women, who are generally viewed as awesome matriarchs or simpering ornaments or - occasionally - both. There were several surveys about gender, the most interesting of which was published by *Moskovski Komsolets* newspaper.

Muscovites were asked to name the women they felt had played "a superlative role in world history, politics, art, literature sport, and other areas of human life". The overwhelming winner - with 21 per cent - was Margaret Thatcher. Princess Diana came third with 11 per cent. Catherine the Great only managed fifth place. The respect Russians hold for

wrinkled trunk - like the long-faced Russians themselves, elephants are clearly thought to be happier than they look.

This will have to be chalked up as one of the many small, strange differences that separate the British from the Russians. Most defy explanation. Why do Russians insist they will get a sore throat if they drink chilled drinks, yet buy ice cream on the streets in the middle of winter? And why do they believe overcoats carry germs, a conviction held with such vehemence that they are insulted if you keep your anorak on indoors?

They feel equally baffled by us. The other day, I invited a handful of Russian colleagues for an early-evening drink. I offered them some of the brie and camembert, and semi-sweet Russian champagne (a favourite

here). The cheese was clearly a novelty, and they fell on it with the eagerness of Tiggers trying Pooh's honey. Big mistake. "Why do you foreigners like this stuff?" asked one, wavy-lipped with disgust. "I suppose it's not really surprising," volunteered Yelena, our two-year-old's nanny. "I have known this family for two years and not once have I seen them eat a single slice of sausage." There was universal astonishment.

The reason for Oleg's elephant-like glee is parked on a patch of icy mud outside his front door. He is, he announced, the proud owner of a new, bright red Niva. When you consider what he went through to get it his rapture is justified. The car cost \$7,000, way over his annual salary. So he took a

motor-minded friend to check the car over, knowing that there would be no exchange or refund if it turned out to be a duffer. They found two significant faults, which Oleg later fixed at home.

While the West is moving to correct the damage wrought by the motor age, this city is only just entering it. Like most Muscovites, Oleg has no garage, but a light-weight metal shed, which looks like a bread bin.

Nor does he have insurance, as the \$700 annual fee is well beyond the pittance he earns as a linguistic expert in the Russian army. What happens if your new wheels are stolen. I asked? He shrugged. But the moment we switched on the engine to take it for a spin, his elderly mother shot out of his front door to check us out. Who needs a car alarm?

China makes rights pledge

CHINA yesterday made its most forthright commitment yet to sign the United Nations covenant on human rights. The foreign minister, Qian Qichen, said Peking "intends to sign" the pact, but gave no timescale.

Peking is buoyed by the European Union's decision not to sponsor a motion criticising China's human rights record at next week's Geneva meeting of the UN Human Rights Commission. It is now anxious to head off any such move by the United States.

An invitation has also been extended to Mary Robinson, the UN Human Rights Commissioner, to visit China, possibly in June.

— Teresa Poole, Peking

Room to lay

THE European Commission has proposed giving Europe's 250 million egg-laying battery hens a bit more room.

All hen houses built after next year would have to allow each bird at least 800 square cm of cage area. The present minimum space is 450 square cm.

— Reuters, Brussels

Killer sane

THAI police have said psychological tests have shown that a medical student who has confessed to killing his girlfriend, chopping her up and flushing the pieces down a toilet is not insane.

Charges of premeditated murder, which carry the death penalty, would be filed against Serm Sakthornrat, 23, once evidence collection is completed.

— AP, Bangkok

Weighty issue

AN Australian soldier was ordered off ceremonial duties at the recent world swimming championships because he was too "chunky".

"In my 27 years of service, I have never been so professionally insulted," said Ray Douglas, who was removed from poolside duties in Perth in January after defence minister Ian McLachlan spotted him on television. "I was informed that I was 'chunky' and not suitable for media coverage," he said.

— Reuters, Adelaide

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Armani angry at fashion fiasco

PARIS (AP) — Giorgio Armani yesterday accused French officials of cancelling his first Paris fashion show on a whim and said he planned to talk to his lawyer about how to proceed.

Officials cancelled the show on Wednesday evening, minutes before it was to take place in the Place Saint Sulpice on the Left Bank, claiming that the tent where it was to be held did not meet safety standards. Riot police had to be deployed when an angry crowd of about 1,000 invited guests protested noisily against the closure.

In an interview yesterday, Armani said he was disappointed and bewildered: "They cancelled the show without even asking us what we had done ... Things are really different now from how they were 20, 30 years ago. France and Italy aren't so far apart anymore," the Italian designer said.

Armani added that while his goal was to resume work on his collection, he planned to consult his lawyer about the best course of action. "We spent a lot of money on this show and never saw the results. That is a problem." He did not say how much money, but there were reports that it cost up to \$1m (£625,000).

At the show, Armani had intended to celebrate the August launch of a new perfume, "Emporio Armani", and the opening of his new shop just blocks away from Saint Sulpice.

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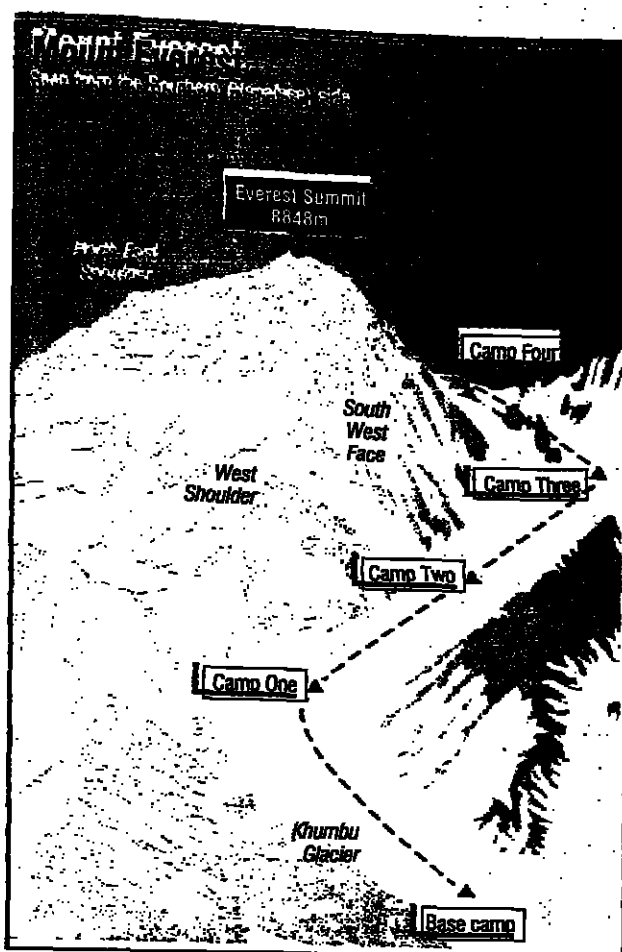
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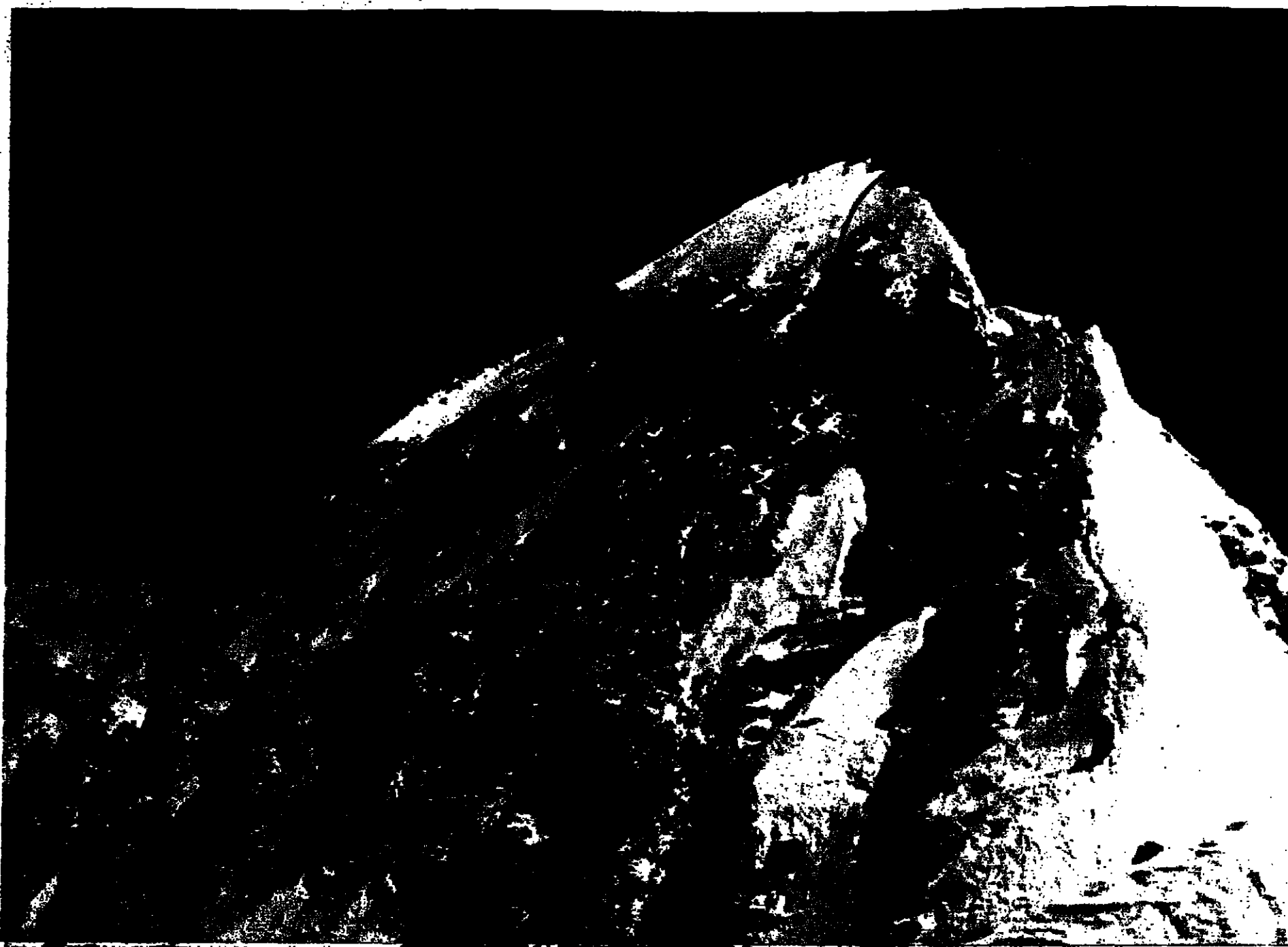
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A queue is the height of madness



The way to the top

Two years ago the crowding on the narrowest part of the approach to Everest's summit caused fatal delays. Charles Arthur asks whether this year could see a similar tragedy



Where crowding killed: At the Hillary Step, circled, the traffic jam meant climbers had to wait, with fatal consequences. The picture shows the Imax team on their ascent to make the new film. Below: Jamling Norgay, son of Sir Hillary's companion "Sherpa Tenzing" on the expedition, and, centre, the team in a storm. Main photograph: Reuters

IT IS almost the killing season again. The permits have been issued for the three-month Himalayan climbing season which ends after May. In that time at least seven teams, including four from the US and two from the UK, will try to climb Everest, at 8,848 metres the highest mountain of all.

Trying to reach Everest's summit is a dangerous business. While more than 700 people have succeeded, 153 have died trying, or trying to return after succeeding. But that's not because the risk of avalanches (responsible for 50 or so deaths) or medical conditions such as fluid build-up caused by altitude have risen. If anything, bottled oxygen, modern drugs and familiarity with the terrain have reduced those dangers.

Paradoxically, expedition leaders now realise that one of the biggest obstacles to reaching the summit and returning safely is other climbers, either on guided expeditions or from "national" teams, climbing for their country's glory.

In fact the latter may be the most dangerous. The antics in recent years of teams from India, South Africa and Taiwan have all severely worried the more experienced leaders of paid-for, guided expeditions. "The greatest incompetence I have seen on mountains is national teams without guides," says Steve Bell, head of Himalayan Kingdom, an expedition company from Sheffield. This year he and two guides will take seven clients (each paying £25,000) to try to reach the

mountain's summit - but more importantly, to return safely.

Bell says that some national teams "show a lack of organisation and technique - not being roped together when going over terrain with crevasses, for instance. They don't take enough food and equipment, so they end up taking other people's. And they will go for the summit when the conditions or timing aren't right. There are countless examples of national teams being driven by some mad, patriotic fervour - as if lives are expendable as long as they get some people to the top."

This year attempts on the summit will be made by an Indian team and a Singaporean team - making their first attempt. Is Bell worried? "Only that they might get in the way, or might need to be rescued - because that has to come first above anything else," he says.

But the sheer volume of people on Everest can be deadly, simply because there isn't room enough for everyone when the mountain shows its vicious side. That was graphically demonstrated two years ago when a traffic jam on the highest mountain led to the deaths of expert and amateur climbers alike.

Key to this tale is a 20-metre stretch of steep rock and ice called the Hillary Step, on the mountain's south-east ridge - the most popular route to the summit - 8,790 metres above sea level and only 58 metres lower than the top.

Edmund Hillary, who summited it on the way to the first ascent in 1953, is a steep, challenging section of rock and ice climbing: "a fair cow", as Hillary described it, "overhanging a little drop of 10,000 feet".

But it's the only way up. Normally it is ascended by hauling oneself up on ropes. Two years ago however the ropes had been blown away, and a queue built up as people waited for Anatoly Boukreev, a Russian mountaineering guide, to climb the Step and fix a rope at its top. Then all that would remain would be a determined plod upwards for another 50 metres

(160 ft) to the summit.

But even for a talented climber like Boukreev, climbing the Step and fixing the rope took more than an hour. In that time, a queue of about 30 climbers - mainly members of guided expeditions paying thousands of dollars to reach the summit - built up.

Only one person can go up or come down at a time. Hauling oneself up the ropes takes time. Descent is a cautious procedure, not a free-ranging slide. All the time, the climber feels cold, and unbelievably exhausted, with a crushing headache. "The closest thing to drowning," is how Ed Vies-

tures, who climbed the ridge a few days later, described it. Sit down, and you might never find the determination to stand again.

The traffic jam made everyone's schedules slip, and Everest above 8,000 metres is no place to dawdle. Every minute, your body is literally dying, because there is not enough oxygen to support life. But that day people reached the summit and descended to the top of the Step only to find people below waiting to come up.

Meanwhile the weather worsened in the valley below. Within hours it was blowing sub-zero air at 100mph over the

climbers, now hours behind a timetable that would let them reach the top and return below 8,000 metres.

Night fell, and in the ensuing chaos, seven people died, including Rob Hall, leader of one of the guided expeditions. A few days later a team making a film for the widescreen Imax format - now just opened in London's Trocadero and the National Museum of Film and Photography, Bradford - came across his frozen, lifeless body not far below the Step. Bringing it back was not an option. At that altitude it is all you can do to lift your feet, let alone a corpse.

The episode has been dissected repeatedly, notably by the book *Into Thin Air* by Jon Krakauer, one of Hall's clients. What's clear is that both Hall and the other guided expedition, led by Scott Fischer, should have turned their clients back long before the summit - perhaps even at the base of the Step, where the Taiwanese team, though many hours too late to make a sensible attempt on the summit before nightfall, was waiting to go up.

Bell has been there - he helped guide a group up Everest in 1993 - and knows the pitfalls. "We have always stuck strongly to having a time when

we turn back, no matter what, and often to the chagrin of clients. It's a trade-off because you want to maximise their chance at the summit. But the priority is safety."

To the Imax cinematographer, languidly eating popcorn in a warm, sea-level theatre, the view from the roof of the world may look tolerably interesting. Will that lead to more people trying to get there? "I don't think it will discourage them," admits Jamling Norgay, son of Tenzing Norgay, the Sherpa who made the first ascent with Hillary. "It might even encourage them." That could be the most frightening fact of all.

Got a problem, Fruity? I'm beginning a new life



JOHN
LYTTLE

Gives a man's response to Chris Evans pledging to go gay for a year

WOKE UP yesterday morning and found that overnight I had become a 100 per cent red blooded raging heterosexual. Immediately kick Andrew out of bed, shouting he's a filthy bum boy and insisting I didn't know where I was and anyway I had been drunk last night. Andrew rolls eyes, said it was way too early to be talking dirty and besides I don't drink and we didn't do anything last night. Details, details. Demanded he step outside. Andrew sighs. "This is one of your straight days, isn't it?" "That's right Fruity. Got a problem with that?" Andrew says yes, he does have a problem with that but experience was a great teacher, so he was simply going to pop a Prozac and alert the media. Ignore him. Scratch my arse and sniff my socks to see if there was another day's wear in them. Andrew snaps, "That's attractive" and stomps out.

Went to bathroom. Dropped the kids off at the pool. Refused to flush because I'm a real man. Flung wet towels on floor. Don't bother cleansing, toning, moisturising or back combing either as chicks don't care if a guy has a face like Freddy Krueger. Look at Bryan Adams. Skin so bumpy Stevie Wonder once tried to read it. Decide to skip shower, shampoo and deodorant too and let my musky, masculine

pheromones draw the drooling dolls like moths to a flame. Splash on litre of Old Spice as a chaser.

Can of Kestrel for breakfast. Buy the scrawny Sun. Sit on Tube with legs spread wide apart. Run my eyes over Page 3 for the first time. Nudge person next to me: "Cool! Look at the tits on that!" Old lady gives me startled look, moves to another seat.

Arrive at work. Slap cute security guard on the back instead of the butt. Get into lift. Wait till it's full before breaking wind violently.

Office. Log on. Down to work. Send E-mail to lesbian columnist telling her she's a frustrated old biddy who needs a good sorting out by a man who knows what a woman wants. I'm a riot I am.

Hang out with the gang in M&S shirts, polyester ties and stay-press trousers. Want to be accepted, so stand about with hand jammed in pocket and jiggle testicles. Bite back compulsion to talk about Madonna's new video. (You know, the one where Maddie can't get out of the duvet cover she's wearing because there's a hurricane blowing and she keeps turning into a wolf.) Close eyes and picture Oliver Reed vomiting up the contents of a brewery. Urge ebbs. Also find that when

weedy little drip from Business boasts about this fabulous bird he's shagged I feel no need to enquire if it was a vulture, bald-headed eagle or gannet. Talk at the top of my voice about football instead, never allowing anyone else to finish a sentence.

No need to bother with the gym. Girls are gagging for a big gut and a generous portion of builder's cleavage

Pepper conservatism with "The ref must have been blind" and "It's a game of two halves" until one guy says he can't pretend any more, bursts into tears and sobs that his father died last night. Long, uncomfortable silence until I ask if that meant he hadn't been able to catch the match. Damn right he had: "We was robbed."

Make unusual discovery. If you're a heterosexual male, gossip and back-biting is dubbed "men's talk". Another discovery. What heterosexual men call banter, heterosexual women call sexual harassment. At least that's what the Arts secretary screamed when I asked if she was wearing tights or stockings. Must be one of those humourless lesbian feminists giving her dungarees the day off.

Decide that being straight I don't need to bother with the gym. Girls are gagging for a big gut and a generous portion of builder's cleavage. Well, the skinny ones are. Those fat cows who've let themselves go just whine about the so-called double standard. This is ignorance. Richard Littlejohn says scientific research proves that the male heterosexual body automatically converts lard into beefcake. The fact that he must be suffering from a testosterone deficiency doesn't undermine his case. Anyway, skip herb salad for lunch in favour of greasy, artery-clogging fry-up. A man's gotta eat what a man's gotta eat. Hormone-pumped red meat, not battered cod-pieces.

Use loo. Remember to slouch at the urinal, looking neither left or right but staring ahead at the imaginary red dot on the wall. Then notice my buddies are surreptitiously checking each other's equipment. Another thing heterosexual men

obviously don't talk about.

Receive E-mail back from lesbian columnist asking for "the name of the man mentioned in my earlier communication". Bitch. Spend rest of day picking my nose and flicking the contents randomly around the room. The Alpha-male marks his territory.

Pub crawl with the lads. Select Oasis instead of Abba on the jukebox. Get pissed, pick fight with bouncer: "C'mon, if you think you're hard enough." Finish evening with "Babe Magnet" and deep-pan pizza and six-pack, singing "Achy Breaky Heart". Observe how heterosexual men infinitely prefer each other's company much more than the company of women, who are either a) slags b) saints or c) that Louise who used to be in Eternel.

Ring for taxi the moment Babe Magnet throws his arms around me and slurs that he loves me, I'm his best mate. Get home, fall into bed, throw my arms around Andrew, slur that I love him, he's my best mate. Andrew says I'm not touching him until I have a bubble bath, a face pack and aci gentle. Protest that this is hardly butch. Andrew fold his arms and purses his lips: "Possibly not Gazza, but it is getting back to normal."

THE INDEPENDENT

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The long shadow of Hassan

THERE IS a country bordering on the European Union which was founded as a modern, secular, democratic and above all European state. It saw its destiny so much as part of our continent that it abandoned its ancient script and now uses our Roman alphabet. And yet Turkey will not be let into the club. Enlargement of the European Union is one of the priorities of Britain's presidency, but Turkey is neither among the five next joiners, nor among the five next-but-ones, all of whose representatives assembled for talks in London yesterday.

So why is Turkey different from Estonia, Slovenia, Bulgaria and Romania? The first, and very important, answer is human rights. Despite its aspirations, and despite the very recent democratic credentials of the country of countries which has jumped the queue ahead of it, Turkey's political system still fails to qualify. Istanbul's politicians are not fully insulated from the military and there have been abuses of human rights, especially those of ethnic minorities such as the Kurds.

But this is not the whole story, and it is worth pursuing further the reluctance to admit Turkey even into the EU's waiting room. For many, "not yet" is code for "never", and the issue of human rights usefully postpones facing up to other reasons. Even if Turkey's democracy were above reproach, it would be argued that Turkey is "not in Europe" or that it does not share our "common culture". But ever since the goddess Europa fled from Phoenicia to Greece, the boundaries of Europe have been fluctuating and ambiguous and its cultural identity likewise.

What, then, is the real difference? It is that Turkey is a Muslim country. Ever since the giant Hassan stormed the wall of Constantinople at the head of a wave of Janissaries in 1453, ending a thousand years of the Christian Roman Empire of Byzantium, his shadow has fallen across the continent. Up to the walls of Vienna and back, modern Europe's identity was forged in opposition to Turkish Islam. The spectre of the heathen at the gate even featured in British domestic politics as recently as Gladstone's Midlothian campaign, fought on the demand that the Ottomans be ejected from Europe "bag and baggage".

So is the enlarged European Union simply a neo-Christendom, an ethnic and cultural entity based on Christianity and Caucasian genes? (Never mind that the Caucasus mountains which gave their name to a racial type are to the north and east of Turkey.) It cannot be, and it is as well to spell out why not. John Laughland's book *The Tainted Source* last year argued that the ideology underlying the European Union is corrupted by German supremacism in a pan-European guise. He claimed that Paul-Henri Spaak, a Belgian founding father of the European Community, was a collaborationist and former intellectual admirer of Hitler, and that Jacques Delors was a disciple of a crypto-Nazi in the 1930s.

This is nonsense, given the EU's high and democratic principles. But it should force us to ask: is there such a thing as a European identity, and does the EU exist to give expression to it? Because there is a radical openness about the Union which is unsettling. There is the internal openness of the integration process, enshrined in the phrase "ever-closer union" in the Treaty of Rome. It was precisely to counter this endless ambition that moderate Euro-sceptics, including our present Foreign Secretary, have championed the cause of an ever-wider union. This is the external openness which yesterday saw the future eastern boundary of the Union pushed to the Black Sea and the steppes. But, as a permanent condition of the EU, this process of expansion is just as disorienting as a process of permanent unification. Why stop at the Urals or the Bosphorus?

Well, it has to stop somewhere, or the EU would simply be a free-trade and single-currency zone for advanced, liberal and democratic countries, regardless of cultural identity or geographical location. But Europe, as the region bordering on the Mediterranean, has a much longer history than the land-mass of north and west Europe. It is a history divided by religion, but it is a division (like the division of Europe by communism) which the EU could overcome.

That is why we should wrestle with the shadow of Hassan. Bosnian Muslims certainly feel strongly that Europe's Christian heritage ensured that they were left to their fate, and there is much truth in that. Bosnia could have been a model for a secular, tolerant and liberal state in which Christians and Muslims lived together. If Turkey could follow that model, then it should certainly be a candidate for European Union membership.

Trying to tie part of the Islamic world to western liberal democracy is not a strategy that has worked with Egypt, the greatest recipient of American aid after Israel. But the chances of success are much greater with Turkey, and the prize is great. Perhaps it will have to wait until Islamic agnosticism emerges as a dominant religion of Turkey, as Christian doubt has elsewhere, but it is important to offer the Turks a genuine chance to prove their liberal democratic credentials.

Blair's loyalty contest

LABOUR'S internal elections for its National Executive have long been derided as a beauty contest, but now the spin consultants of Millbank Tower want to turn it into the real thing. Tony Blair's reforms, designed to neuter the party's ruling body – sorry, ensure a constructive and supportive relationship with the Government – will kick MPs off the section elected by ballot of the entire membership.

This will stop Tony Benn's avatar using it as a power base, but might let in a fifth column of Hattersleyites (as Trotskyists are known these days) among the unknowns on the ballot paper.

So, out goes the call to loyal Blairite actors and pop stars on the membership list to put their names forward. But Mr Blair should beware. Last year's heroes of New Britannia have cooled already, with Damon Albarn, Jarvis Cocker and Alan McGee all taking shots at Labour policy. Someone should tell the Prime Minister that dissent is like putty: if you press it down at the top it squeezes out somewhere else.



MILES KINGTON

I LEARN from inside sources that in the course of the next year the tobacco industry has decided to come clean.

Yes, the tobacco industry has finally agreed to admit something that it has never admitted before.

It has finally agreed to admit that there is a link – let me spell this out clearly – that there is a DEFINITE PROVEN LINK between tobacco and smoking.

"For years the tobacco industry has denied that there is any link between cigarettes and smoking," says Adrian Wardour-Street, the PR man who is spearheading the campaign to admit the link without seeming to do so. "And we were quite right so to refuse! Oh, yes, there was plenty of anecdotal evidence to link tobacco and smoking, but we could never find the ultimate proof, the unshakeable, 100 per cent evidence that there was a direct link between tobacco and smoking."

But surely there could never be any doubt, could there? Why else would people buy tobacco in the shape of cigarettes except to smoke it?

"For hundreds of reasons," says Adrian. "To look glamorous. To offer to other people. To barter at the end of World War Two. To throw to people in Third World countries. To use as stakes in friendly card games. To leave them as tips. To imitate Humphrey Bogart. To put behind your ear..."

OK, OK. And then to smoke? "To smoke? We never had any idea that people were smoking the cigarettes as well," says Adrian, looking shocked. "I mean, we were just selling the cigarettes in a box to the public. What they did with them thereafter was up to them. We certainly never recommended that they be smoked. If you look at a packet of cigarettes of any era, you will not find any instructions for smoking on the side. I mean, when did you ever

buy a packet of cigarettes where it said on the side, 'Instructions for smoking – Withdraw First Cigarette From Pack, Put In Mouth, Light, Far End'?"

What he said was true. I do not think I have ever seen a packet of cigarettes which told you how to smoke them.

"Exactly. So it came as a complete shock to us when people accused us of having a link with smoking. We had no idea that our cigarettes were being used for smoking!"

But if the tobacco industry wasn't geared to smoking, what on earth WAS it geared to?

"The tobacco industry? Oh, my goodness, the tobacco industry has always had its hands full with things like sports sponsorship, snooker, cricket, arts sponsorship, theatre, and so on, which is a pretty full-time thing, without getting into things like smoking."

And where did the money come from

to support all this arts and sports sponsorship?

"Oh, from the sale of cigarettes."

For smoking? "Certainly not! Even now, the tobacco industry finds it hard to believe that anyone would be so foolish as to smoke cigarettes. Before smoking, cigarettes are clean, rolled up portions of tobacco in pristine bits of paper. That's how we sell them. But if you smoke them, they are smelly, they are dirty, they are hot, they are dangerous, and they cause cancer. We recommend that people do not smoke cigarettes."

So you admit the link with cancer?

"Oh, yes," says Adrian Wardour-Street cheerfully, "we've always admitted that. It's the link with smoking we find so hard to accept. Anyway, I don't see why the tobacco industry should come in for such hard knocks. Nobody ever sues car manufacturers for causing death, even though

there is a proven link between cars and being run over."

So the tobacco industry finds nothing in its history to be ashamed of?

"Nothing, nothing at all. Except..." here Adrian Wardour-Street lowers his voice, "except I think maybe we were unwise all those years ago to take over the tobacco plant from the Red Indian. We did it in good faith. We assumed that because the indigenous American was using tobacco, it was all right. We may have made a mistake. And if we received no warning from the original users, we must take action."

You mean...? "Yes. It is about time the tobacco industry sued the descendants of the indigenous American natives! They never warned us of the dangers of tobacco! This could be the biggest tobacco lawsuit of all time." So there you have it. The tobacco industry is innocent after all.

PICTURE OF THE DAY



Shire shire: Lingwood Majestic, a bay shire gelding 18.1 hands high, in his stall at Pilgrims Hatch, Essex, before leaving for the world's largest shire horse show at the East of England showground this weekend
Photograph: Brian Harris. A 9x12 print of this photograph can be ordered on 0171 293 2534

Duped by China

DESPITE the fact that Chinese suppression of political dissent in regions such as Tibet and Xinjiang is increasing year on year, the Government assures us that, rather than backing UN condemnation of such oppression, it is only "constructive engagement" with the People's Republic that will ensure political change.

Most human rights organisations agree that such political appeasement – whether the retention of Most Favoured Nation trading status or the uncoupling of trade from human rights – has a direct and immediate influence on the political climate in China – for the worse.

Our increasing economic involvement in China has given the Communist Party there a large stick with which to beat us, simply because Britain needs China's emerging markets and cheap labour more than China needs Britain's trade. China, not the West, has the upper hand in such "engagement".

As the recent row over Chris Patten's book has demonstrated, it is not China's political climate that is being changed by "constructive engagement", it is ours. We seem increasingly willing to give up our own human rights principles and restrict our own democratic freedoms, in order to secure an economic foothold in the Middle Kingdom. The Labour Party's political naivety and weakness on this issue is lamentable. The Chinese government must be laughing at us, all the way to the bank.

Dr MARTIN A. MILLS,
School of African and Asian Studies
University of Sussex
Brighton

COLIN BROWN ("Murdoch monopoly inquiry demanded", 9 March) quotes my statement, which I admit was inaccurate, that Rupert Murdoch gave orders to the *Times* correspondent in Peking, James Pringle, to write a favourable piece about Shanghai in *The Sun*. Mr Pringle assures me that no such suggestion or order was given and that the request to write a piece for *The Sun* was a coincidence.

JONATHAN MIRSKEY
London W11

End of duty-free

IT WAS ministers of European Union governments who unanimously proposed scrapping duty-free sales within the EU in 1991, just before the completion of the Single Market ("Pressure grows for U-turn on duty-free", 10 March). The European Commission does not vote legislation into effect in the EU.

Dire warnings of chaos on ferries and aeroplanes represent one of the most narrow arguments yet put forward by those trying to get the decision reversed. They should be answering the question of why air and ferry passengers, particularly regular ones, should continue to benefit from what amounts to an unfair tax advantage.

By the time duty-free sales end in June next year, the industry will have had nearly eight years to prepare for the changes. If, after all that time, we are still being confronted with doomsday scenarios of huge job losses and bankruptcies, one has to ask where the responsibility for that lies.

GEORGEY MARTIN
Head of the Representation in the
United Kingdom
The European Commission
London SW1

Women and computers

IT IS a risky generalisation to suggest women have different priorities from men. However, I believe information technology companies and commentators could help to change women's attitudes to IT (Network, 10 March) by stressing two important facts.

First, that IT (in the form of e-mail) provides by far the most cost-effective way of keeping in touch. Almost none of the female friends to whom I've described the benefits of the Internet realised initially that messages were sent in fractions of a

second at local call rates and hence that the incremental cost of each, once the subscription is paid, is virtually nil. This point is rarely stressed in service providers' ads.

Second, IT is set to have an extraordinary impact on our children's education. The instant availability of unlimited factual knowledge via IT will increasingly mean we must concentrate on teaching children how rather than what to learn. Inevitably, this will have a huge impact both on the role of teachers and the contribution parents can make.

Finally, computers, which do tend to be seen as a male preserve, have revived the art of correspondence for men. I, at least, have written scarcely one personal letter over the past 20 years. Yet since Christmas I've been in regular contact by e-mail with about six male friends to whom I'd previously sent nothing more than a "let's keep in touch" at the foot of an annual Christmas card.

DAVID ROBERTSON
Technology Response Ltd
West Malvern, Worcestershire

A safer railway

THE Health and Safety Executive's Railway Inspectorate is right to spotlight areas of the UK railway where maintenance may be in doubt or the scale of deterioration may warrant track renewal ("Railtrack warned of safety prosecutions", 3 March).

However, the management of maintenance, renewal and investments involves considerable logistical and safety considerations, not least the management of "possession", whereby track is made available for work and handed back for service at agreed intervals. The need is to minimise the disruption of operations. The chief consideration is safety but operational issues are not far behind.

The public needs to understand that under-investment in the network

and the operating railway over the last 10 to 15 years cannot be reversed overnight. Already we are witnessing the largest scales of investment ever seen. Investment announced by Railtrack some time ago is already under way. Some £260m was committed over the last 12 months, a total of £2.58bn to 2007. Announcements by Virgin for West Coast and Cross Country stock; by EWS on freight stock; by Railtrack for investment in stations, permanent way, signalling and new train control systems are just the headlines. Train operators, suppliers and contractors are also investing in technology, capacity, human capital and new management systems. The full effects of these announcements will not be visible for a few years.

The inspector is right to raise criticism, but he is pushing an open door. MICHAEL G. WINWOOD
Managing Director, The QSS Group
Derby

Voting reform

WHEN elections by proportional representation lead to bargaining among political parties, British commentators are often quick to make remarks about "instability" and "horse-trading". Can we look forward to similar comments about the inability of first-past-the-post to bring stable government to India?

DAVID HOWARTH
Clare College,
Cambridge

Don't knock it

YOU REPORT (11 March) that "knocking" adverts directed against the tobacco companies prove effective in stopping people smoking. If this is so, why do illegal drugs sell so well? After all, drug barons don't get much good press.

JOHN LAWRENCE
London NW3

Selling a house

IF THE excellent scheme of legally binding bids which obtains in Norway (letter, 12 March) is to work in England and Wales, it first requires a complete change in the attitude of house buyers and sellers.

I know of nowhere else worldwide where a house purchaser expects a seller to wait whilst the purchaser sells his own house. This is the real cause for delay. In Norway, and indeed elsewhere, a purchaser is bound by his offer and has to seek bridging finance. Completion can then take place within weeks and the purchaser must assess the risk he runs of having two properties on his hands.

CHRIS CHARLES
Cheadle,
Staffordshire

JOHN A. DAVIS's letter (10 March) reminded me of an argument I had with an estate agent. Apropos advertising budgets and advance fees, he said "All I want is my downside covered..."

In the real world of trade and commerce, to which he was obviously a complete stranger, no one has their "downside covered". In the hotel business, for instance, we have to maintain a building with comfortable beds in it and food ready to feed guests. We have to advertise our services in order to obtain those guests. Can you imagine what the estate agent's reaction would have been had I included on his bill an extra fiver "for advertising"? S. BARRACLOUGH
Kewick,
Cumbria

Diversification

COMMERCIAL incongruity is rife. Sainsbury's is a bank. Boots is a sandwich bar, and God knows what those pop-record people Virgin aren't into. But can anybody beat this flyer that came through my letter box today: "Thames Water customers can now get cheaper gas from London Electricity." I feel faint.

DAVID GIBBS
London SW4

At last, the tobacco industry admits the link it has always denied

I LEARN from inside sources that in the course of the next year the tobacco industry has decided to come clean.

Yes, the tobacco industry has finally agreed to admit something that it has never admitted before.

It has finally agreed to admit that there is a link – let me spell this out clearly – that there is a DEFINITE PROVEN LINK between tobacco and smoking.

"For years the tobacco industry has denied that there is any link between cigarettes and smoking," says Adrian Wardour-Street, the PR man who is spearheading the campaign to admit the link without seeming to do so. "And we were quite right so to refuse! Oh, yes, there was plenty of anecdotal evidence to link tobacco and smoking, but we could never find the ultimate proof, the unshakeable, 100 per cent evidence that there was a direct link between tobacco and smoking."

But surely there could never be any doubt, could there? Why else would people buy tobacco in the shape of cigarettes except to smoke it?

"For hundreds of reasons," says Adrian. "To look glamorous. To offer to other people. To barter at the end of World War Two. To throw to people in Third World countries. To use as stakes in friendly card games. To leave them as tips. To imitate Humphrey Bogart. To put behind your ear..."

OK, OK. And then to smoke? "To smoke? We never had any idea that people were smoking the cigarettes as well," says Adrian, looking shocked. "I mean, we were just selling the cigarettes in a box to the public. What they did with them thereafter was up to them. We certainly never recommended that they be smoked. If you look at a packet of cigarettes of any era, you will not find any instructions for smoking on the side. I mean, when did you ever

buy a packet of cigarettes where it said on the side, 'Instructions for smoking – Withdraw First Cigarette From Pack, Put In Mouth, Light, Far End'?"

What he said was true. I do not think I have ever seen a packet of cigarettes which told you how to smoke them.

"Exactly. So it came as a complete shock to us when people accused us of having a link with smoking. We had no idea that our cigarettes were being used for smoking!"

But if the tobacco industry wasn't geared to smoking, what on earth WAS it geared to?

"The tobacco industry? Oh, my goodness, the tobacco industry has always had its hands full with things like sports sponsorship, snooker, cricket, arts sponsorship, theatre, and so on, which is a pretty full-time thing, without getting into things like smoking."

And where did the money come from

to support all this arts and sports sponsorship?

"Oh, from the sale of cigarettes."

For smoking? "Certainly not! Even now, the tobacco industry finds it hard to believe that anyone would be so foolish as to smoke cigarettes. Before smoking, cigarettes are clean, rolled up portions of tobacco in pristine bits of paper. That's how we sell them. But if you smoke them, they are smelly, they are dirty, they are hot, they are dangerous, and they cause cancer. We recommend that people do not smoke cigarettes."

So you admit the link with cancer?

"Oh, yes," says Adrian Wardour-Street cheerfully, "we've always admitted that. It's the link with smoking we find so hard to accept. Anyway, I don't see why the tobacco industry should come in for such hard knocks. Nobody ever sues car manufacturers for causing death, even though

there is a proven link between cars and being run over."

So the tobacco industry finds nothing in its history to be ashamed of?

"Nothing, nothing at all. Except..." here Adrian Wardour-Street lowers his voice, "except I think maybe we were unwise all those years ago to take over the tobacco plant from the Red Indian. We did it in good faith. We assumed that because the indigenous American was using tobacco, it was all right. We may have made a mistake. And if we received no warning from the original users, we must take action."

You mean...? "Yes. It is about time the tobacco industry sued the descendants of the indigenous American natives! They never warned us of the dangers of tobacco! This could be the biggest tobacco lawsuit of all time." So there you have it. The tobacco industry is innocent after all.

طوبى من لا يعمل

Scottish tremors should act as an early warning for Blair



DONALD
MACINTYRE

OF THE MANY things Tony Blair has to worry about, a challenge from political parties on the left of Labour isn't one. This wasn't true of his four predecessors as Labour Prime Ministers. The Communist Party may not have had much electoral success for most of this century, but well into the early Eighties it punched heavily above its weight in the unions and therefore in Labour's policy-making machinery. Tightly knit groups of politically motivated hatchet-faced men – and, let's be frank, some congenial, literate, idealistic and amusing men such as the communists Mick McGahey and Jimmy Airlie – were able to use their persuasive powers in drab-smoky rooms in seaside hotels, where union delegations met to decide how to vote at Labour Party conferences. Now the CP has imploded. Arthur Scargill's Socialist Party is a joke. The Morning Star is on strike. All this is the envy of some of Blair's European counterparts, such as Romano Prodi and Lionel Jospin, both of whom faced direct electoral competition on the left in the elections that brought them to power. Here there is nowhere on the left to go but Labour.

In England, at least. If you wondered what UK politics might be looking like if Blair was facing (I'll use the French style) competition on the left, it's worth examining the case of Scotland. This week an opinion poll asked Scottish electors how they would vote in the elections next year for the Scottish Parliament. It's only one poll, but the results were alarming for Labour, which secured 39 points to the Scottish National Party's 38 per cent. Given that the elections are only 14 months away, this raises the once unthinkable spectre that the SNP might become the largest single party in the new Scottish Parliament.

There are lots of easy myths about the reasons for these results, the most exotic of which is that the whole country is up in arms at the fact that the Scottish nationalist film star Sean Connery was not made a knight, and that in the face of this provocation, the population is rapidly opting for independence. A second and related myth asserts that Scotland is simply a no-go area for Blairism, just as it was for Thatcherism. Those who take this latter view argue, for example, that the political culture is so different that the modernisers' ditching of tax and spend policies will never take north of the border, and that an SNP skillfully positioned by its leader Alex Salmond in old Labour economic territory is merely capitalising on that fact.

The truth is more mundane and more interesting. The Scots are not voting for independence, nor are they in love with higher taxes. Instead, disappointment that the Blair Government has not delivered more, faster, on its agenda has had a much noisier effect in Scotland, precisely because in the SNP

disaffected Labour supporters, unlike those in England, do have somewhere else to go. Scottish grievances are not so different from those felt south of the border, if perhaps a little magnified. They concern, for example, the cuts in lone parent benefits, and the fact that much of the extra money for education trumpeted by ministers has been more than offset by budget cuts forced on local authorities by the rigid adherence to Kenneth Clarke's spending limits.

There is, however, one big difference, and that has to do with timing. Gordon Brown's most frequently uttered mantra has always been that he is not going to repeat the past errors of Labour governments which have spent first and paid later. In his Budget speech on Tuesday, the Chancellor will be able, with justifiable pride, to announce yet another improvement in the public finances. In theory, he could use, for another three years, all the savings – such as those from the departmental spending reviews – for further good housekeeping (like, say, repaying the national debt) and only start to release revenue, whether for tax cuts or additional spending, much nearer the general election, when it really matters. It would be deeply painful but it could be done. But the Scottish elections matter in a way that not even next year's local elections or the European elections do. For the results of a huge SNP breakthrough – unlikely though they are – would be ugly indeed



for the unionist (in Anglo-Scottish terms) Blair administration.

Now this scenario is, to put it mildly, pretty far-fetched. But it illustrates why Scottish politics has suddenly become, or should become, rather important to the English. For it is bound to fuel an already nascent debate, not just between old and new Labour, but among modernisers about future strategy. One option, broadly, is that some more of the fruits of Brown's economic rigour – greater health and education spending and, perhaps, more redistribution through benefit increases for those for whom work is not necessarily the answer, such as poorer pensioners – should be brought forward. Another, contrasting view is that the Government must not be panicked by the threat of short-term unpopularity, that Tuesday's budget measures – including welcome money for lone parents – not to mention the still-unfelt impact of the New Deal for the unemployed will begin to reap electoral benefits well before May 1999. That what is most needed is a more robust counter-attack on the SNP's opportunistic exploitation of the voters' impatience. That an example was set by Blair himself in Scotland last week when he reminded his critics that Labour election promises included those of not taxing and spending.

This is a debate well worth having out while there is time. It deals with how quickly the electorate are entitled to feel the Government's election promises are being redeemed. Not for the first time, today's Scottish argument may be tomorrow's English one.

The news on television presents its viewers with a smaller world

Human interest stories are of interest to David Aaronovitch too, but not to the exclusion of analysis and comment



Trevor MacDonald can look forward to smaller audiences at Eleven

Photomontage: Kevin Baylis

ONE by one the ancient bastions fall. Last week it was the flag on Buckingham Palace, and yesterday it became common knowledge that ITN's *News at Ten* really would soon be shunted back to 11pm. This change – attempted a couple of years back and frustrated by the personal intervention of John Major – will apparently succeed the second time around because, as a senior ITV source said, "We will explain to the politicians why the move will make news on ITV even stronger." I look forward to such an explanation, which sounds as improbable and self-serving as a 70-year-old man's attempted seduction of a 20-year-old model on the basis of her being able to benefit from his long amatory experience.

No, the news on ITV will profit to this extent alone: at 11pm it will no longer have to worry about catering for such a large and diverse audience as the one it struggled to inform at 10, because they won't be there, as sure as eggs are eggs. The true motive is to increase audiences earlier on ITV, in particular by allowing adult programmes to be shown uninterrupted (except, of course, by tampo and pet food ads) in the post-watershed slot between 9 and 11. Mandy Pooler, managing director of the leading media buyers Mindshare, gave the game away by telling the *Guardian* that, "We believe ITV can build audiences by moving the news. There is unilateral (sic) support for this in the industry."

So what? Who cares if they do move the bloody thing? Well, a year or so ago I thought I didn't give two hoots, but I've changed my mind. This is partly due to reading an article in this week's *New Yorker* in which the American writer David Remnick lamented the loss of good TV news in the US. They get ITN over there on cable channels, and Remnick observed that "To watch, say, the ITN evening news in Britain, is to get a glimpse of the greater world... places that are nearly invisible to an American viewer. Moreover in Europe, from London to Moscow the evening news is broadcast in the evening, at 8 or 9, when working people can actually watch it."

But the real reason for my change of heart has been the slowly growing realisation, prompted by the sight of a new government wrestling with exceptionally difficult problems, and by the paucity of intelligent coverage of the issues, of how little good journalism there is in our country, and how we do not value what there is.

When I first joined London Weekend TV's cerebral current affairs show *Weekend World* in 1982, ITN and BBC news and current affairs people were the pampered elite of the broadcasting organisations. They were clever, arro-

gant, noisy, well-paid and confident. Pleasing the audience, insofar as it was thought about at all, was clearly secondary to presenting what the journalists thought were important stories or (more rarely) analyses on screen. Since that time, however a long and (I believe) increasingly corrosive debate has gone on about how to make current affairs more palatable to a larger audience.

We know the drivers for this debate: hugely increased competition, a result-

gant, noisy, well-paid and confident. Pleasing the audience, insofar as it was thought about at all, was clearly secondary to presenting what the journalists thought were important stories or (more rarely) analyses on screen. Since that time, however a long and (I believe) increasingly corrosive debate has gone on about how to make current affairs more palatable to a larger audience.

We know the drivers for this debate: hugely increased competition, a result-

What happens when war seems imminent?
Is it really good enough to leave it all to 'Newsnight' to analyse what is happening?

ing battle for ratings, pressure from advertisers and the need for the BBC to maintain the legitimacy of the licence fee. So, over the years a thousand countenances have quizzed a zillion focus groups. In previous capacities, I was present on several occasions when the gloomy results were discussed, and the pressure was always in one direction. Viewers respected authority and balance, but what they really, really listed after was relevance. They wanted (we were told) to see their own lives reflected in the stories. And they wanted good, gripping stories at that. Or, as the "BBC News Programme Strategy Review" reported last autumn: "They like relevant evidence – clearly presented, human examples or first-hand experience." As in shows like Channel 4's *Cutting Edge* documentary series, apparently. "How

current affairs. They may well tell intriguing human tales, taking you inside other peoples' lives, but they do not tell you how much of something is happening, why it is happening, how it might be prevented from happening and what the consequences of such prevention might be. That is not their job.

Meanwhile the programmes that might tell you this are being marginalised, denuded of resources and confidence, ignored or gradually forced to adopt a more popular agenda. Many have tried to ensure that they tell their stories better, more stylishly, only to discover that it has not been good enough.

BBC 1, for instance, now transmits only one current affairs show in its 7 to 10 pm prime time schedule. Called *Here and Now*, and scheduled opposite *Coronation Street*, this week's edition dealt

with the pressures of schoolboy footballers and common stealing family heirlooms. The flagship, *Panorama*, moved last year from 9.30 to 10pm and lost over 20 per cent of its audience. It now follows *Pleasure Beach*, yet another prime time docusoap. On ITV we can expect *World In Action* to disappear soon, and to be replaced by something in which – I will take a bet – "human interest" stories are to the fore.

Now, I just love human stories. I adore seeing real-life marital break-up, psychotic neighbours, sociopathic drivers, vexed chefs and harassed coppers. But what happens when – as was recently the case – war seems imminent? Was it really good enough to leave it all to *Newsnight* to analyse what was happening, and what the options were?

Look at this week's *Radio Times* for an illustration of what I mean. There were several programmes about childcare on the BBC this week. One (made by my partner, as it happens) was an examination of the quality of childcare in Britain. The others were: "Four couples tell the true story of shopping, sleepless nights and lack of sex" and "Four women in their mid-thirties (two of them high-fliers) are expecting a baby." Guess which two the *Radio Times* highlighted in its Choice column.

So it's time for the pendulum to swing the other way. We need a tad less lifestyle stuff, a teeny shift from the undoubted pleasures of voyeurism, a soupçon less observation, and a bit more robust, lucid, intelligent, analytical, honest, confident and well-resourced news and current affairs in our prime time TV schedules. Or do we want the world to become "nearly invisible" to the British people too?

Richard and Judy commandeer the deck of our refitted vessel



ANDREW
MARR

Back on board, the Editor in Chief of *The Independent*, answers those nagging questions that everyone is asking

IT'S GOOD to be home. For those readers who hadn't noticed, I have been "resting" (in the actors' sense) for the past few weeks. Well, all right then, I was fired. Many of you wrote to me to commiserate afterwards and not a few expressed a sense of bafflement about just what was going on and why, and what might happen next. But, while a believer in openness, I don't want to regurgitate past arguments. It would be messy, insubstantial and undignified. Much more important, there was a happy ending, which is rare in journalism. So I have decided to regard my head-first plunge from Canary Wharf Tower as a minor if spectacular diversion in the middle of the *Independent* drama – window left accidentally open – executive foot in the wrong place – doxy editor trips over it – flails – disappears – huge amusement all round – curtain – time for an ice-cream before the next act.

The *Independent*, however, has a reputation for being frank with its readers so here are my answers to some, at least, of the questions that have been fired at us since the change of ownership on Wednesday. Why have you returned?

First, because I was asked to. Second, because the new owners want to take the paper in the right direction. The shorthand term for that is "up-market" but a combination of words such as intelligent, serious, authoritative and literate gives a more accurate sense of what we mean by that. We don't mean turgid or Whitehall-obsessive: these days, serious coverage must include a lot of culture, science, technology and so on. Nothing is out of bounds. We can write about the Iranian economy or what Verve wear on their feet. The question is: how good, interesting and well-informed is the writing?

Rosie Boycott and I have been told, in simple terms, to make the paper steadily more intelligent and serious. During an era when most

papers are dumbing down, it came as an unusual and exhilarating instruction. Further, we have been given some money to spend on journalists – another happy surprise. The *Independent* will never be a fat-cat paper (in your dreams, Marr) but now we have the tools and ownership to do the job. Who, with a spark of imagination, could resist?

Hmm. You've mentioned Rosie Boycott... Yes, and before you start, we get on well and are both determined to carry on doing so. We are very different types, interested in different things, with different histories, prejudices and talents. But we both think we can make a better paper together than either of us could do separately. Fleet Street lore says that authority cannot be shared in a newspaper – that it's

Fleet Street lore says that authority cannot be shared in a newspaper – that it needs a single cap'n to see it through. We disagree

like some kind of storm-tossed ship needing a single bawling cap'n with a peg leg to make it through. We disagree. We intend *The Independent* to be an open, comradely and free-thinking organisation, without two loud and contending egos struggling with cutlasses on a slippery quarter-deck. But those members of staff who have taken to referring to us as Richard and Judy had better watch their step.

But who will do what? In day to day terms, I set the editorial policy in the "leaders" and oversee the comment pages, seven days a week. Rosie does the rest. But there isn't going to be a sharply divided paper, with two different characters doing different bits. We'll work together

as equals, sharing ideas about how to improve the whole paper.

Will you change the editorial line of the paper, including the cannabis campaign?

The values of the paper are at its heart. We are a liberal, pro-political reform, pro-European paper, with friends in all parties and signed up to none. None of that is going to change a jot. The cannabis campaign was always an *Independent* on Sunday one, conducted vigorously, which is changing the terms of debate throughout the country. Rosie and I don't wholly agree about cannabis, though I do think it should be legalised for medical use but the *JoS* will carry on what it started. Are you going to go back to the previous design?

No. In different circumstances, it would have worked. A lot of readers

liked it, some loathed it. One day, maybe, lots of newspapers will look that way. But you can't keep zig-zagging back and forth. The paper's design is now going to gently evolve in a direction we think you will approve of (if you notice it – newspaper design is, I know, something of vast interest to editors and vastly less interest to most readers).

But don't you have a big-stick proprietor, now, in Tony O'Reilly?

I've worked with him as commentator and editor for three or four years and he has never once tried to influence the policy of this paper. He is no Rupert Murdoch. He likes journalists and journalism of quality, and expresses cheerfully earthy contempt for proprietors who try to stifle editorial

freedom. He's also appointed people to the board of our company, like Chris Patten and Baroness (Helena) Kennedy, who are known as tough-minded and independent types. Which you wouldn't do if you wanted to undermine the paper's freedom. Would you?

Aren't you still, though, bound to be squeezed to death by the price war? It doesn't help. The whole broadsheet market has been distorted by Murdoch's predatory pricing and continues to be so. But I sniff a change in the weather. The House of Lords amendment to the Competition Bill which deals with this was passed against the wishes of the Government after an excellent and heated debate. Then came the great HarperCollins affair – though Chris Patten had agreed to serve on our new board before that – and the row over the *Times*'s China coverage. As a result, in the Commons, more and more MPs on both sides have finally decided that Murdoch's unfair tactics must somehow be confronted. I hope and believe that a useful compromise offer will come from the Government, as a result. This is a good time for *The Independent* to be back in fighting form.

Have you learnt anything from your dismissal?

Yes. First, I've got more friends than I thought I had. Second, my children's names.

Are you going to carry on writing like a low-rent Miles Kingston?

No. Sorry. I will be back to writing straight stuff more or less immediately.

Well, that's clear enough. Now don't you think we've heard enough about you, and the paper, for a while?

Yes. Yes. Quite right. Sorry. Stop apologising.

Sorry.

Pandora's daily diary, The Box, can be found in its new home, on page 5.

Bayushe's life chances...



These are the life chances of Bayushe and other children like her in Ethiopia:

Living until the age of five:	82%
Receiving proper healthcare:	46%
Having clean water to drink:	25%
Being able to go to school:	19%

At World Vision, we believe these odds are simply unacceptable. You can help us improve them.

Sponsor a child like Bayushe, and you'll enable us to bring about real and lasting change through vital development work in her community, making it a healthier, happier place to grow up in.

Please give a child a better chance in life. For a Child Sponsorship information pack, call

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FINANCIAL JOURNAL OF THE YEAR

Pension sales costs could reach £11 bn

By Lea Paterson

THE FINANCIAL SERVICES watchdog yesterday revealed that the cost of sorting out the pensions mis-selling scandal could reach £11bn - almost three times early estimates. Howard Davies, head of the Financial Services Authority (FSA), launched the second phase of the mis-selling review. So far, financial watchdogs have concentrated only on the most urgent cases. Now the regulators have turned their attention to the less urgent cases - most of which involve the under 35s - and have issued a consultation paper which sets out how to take the process forward.

Mr Davies reckons the second phase of the review will cover as many as 1.8 million investors - around 300,000 more than previously thought. The FSA estimates that pension mis-selling could have cost members of this second class of investors between £2,250 and £12,000 each.

Helen Liddell, economic secretary to the Treasury, said she found it "alarming" that so many people could be affected by the second stage of the pensions review.

Ms Liddell's tough approach to the mis-selling scandal in recent months is believed to have been instrumental in spurring

some of the less co-operative pension companies into action.

The financial services regulators began their review of pensions mis-selling back in 1994 amid growing concern that investors could have been wrongly persuaded to switch from occupational pension schemes into personal pension plans. The regulators initially concentrated their efforts on "priority cases" - typically people at or near retirement and investors who had died before receiving recompense.

The regulators soon realised that the scope of the scandal was far greater than first thought. The first phase of the pensions review eventually covered 640,000 people and is likely to cost the pensions industry a total of £4.5bn. Phase one is "now approaching completion", according to Mr Davies.

Mr Davies plans to launch a multi-million pound advertising campaign to raise public awareness of the second and final phase of the campaign. He said the campaign would be paid for by the pensions industry "either on a voluntary basis or by regulatory levy".

The FSA chief added that he hoped progress in phase two of the review would be far faster than phase one. When the scandal first broke, pension companies initially dragged their heels and progress was impeded

by extensive legal wrangling over liability.

Under the terms of the consultation paper launched by the FSA, companies will be obliged to write to affected investors and ask them to provide some basic details about their case. Companies will also have to chase investors who fail to respond and provide a preliminary assessment of the extent of the problem by the end of March next year.

At that point, the FSA will then set targets for each pension company for completing their reviews, and will monitor progress on a regular basis. As in the first phase of the review, companies which fall behind schedule could be "named or shamed" or may find themselves facing hefty fines. In addition, from the summer, the regulatory bodies will have extra powers to bar directors from conducting business in the financial services industry.

Total costs of this second phase are likely to range between £3.8bn and £6.5bn, Mr Davies said. Most - if not all - pension companies have yet to make financial provisions for dealing with this second tranche of cases.

The industry broadly welcomed FSA's move. Companies have until 15 May to respond to the consultation document.

Outlook, page 25



Jacquetta Bath, who was persuaded to switch from her NHS pension scheme to a private one Photograph: Glynn Griffiths

Salesman's patter proved persuasive

JACQUETTA Bath, a 33-year-old nurse, says she wishes she'd known more about pensions when she was approached by a salesman from a pensions company back in 1988, writes Lea Paterson and Andrew Verity.

"Someone was talking to my husband about a pension and when the salesman had finished he turned to me and asked whether I had thought about changing schemes," she said.

Mrs Bath, a mother-of-two, had been a member of the NHS scheme since 1983. At the time, she did not realise her employer contributed to her occupational pension scheme. As a result, she found the salesman's patter extremely persuasive.

"He said his scheme was better and the fund would have grown bigger by the time I retired," Mrs Bath remembered being impressed by the fact she could continue to contribute to the company's scheme if she took a career break and if she decided to change employers.

Convinced she was doing the right thing, Mrs Bath switched into the private scheme in 1988. It was only a few years ago that she began to question the wisdom of her decision.

Her union put her in contact with the Personal Investment Authority, the pensions watchdog, which advised her to switch back to her occupational pension scheme. She stopped her payments to the company, and began contributing to the NHS scheme two years ago.

Mrs Bath is still waiting for compensation.

Fighting talk as GKN goes on £1bn spending spree

By Michael Harrison

GKN, the automotive, defence and industrial services group, yesterday said it had £1bn to spend on acquisitions and confirmed that it has held exploratory talks about merging its Westland helicopters business with Agusta of Italy.

The group also said it expected to hear by the end of the month whether it had been selected for a £4bn contract to build a new generation of "battlefield taxis" for the British and German armies and other European defence forces.

An Anglo-German consortium led by GKN is favourite to win the contract in preference to Team International, a rival consortium including Vickers and Alvis of the UK and German and French partners.

CK Chow, GKN's chief executive, said the discussions about a helicopter merger with Agusta, Westland's partner on the EH101 programme had been "preliminary". But he added: "We work well together and it would not be illogical to look at a joint relationship with Agusta in the future."

A combination of Westland and Agusta would create a helicopter group with sales of about £1bn, of which the UK company would contribute about two-thirds.

Mr Chow indicated that GKN would concentrate on building up its three main divisions through organic growth

or bolt-on acquisitions, saying it could finance £1bn-worth of takeover deals without having to raise further equity capital. The three main areas in which it is looking for acquisitions are powder metallurgy, off-highway vehicles products and aerospace structures. Last year GKN acquired eight businesses at a cost of £462m, including Sinter Metals of the US.

The order for battlefield taxis - or Multi-Role Armoured Vehicles as they are known - would be worth £2bn to GKN, which has a 50 per cent stake in the consortium. The British, German and other European armies have a requirement for 7,000 vehicles with deliveries starting in 2004. The export potential could be the same again.

The winning consortium could form the basis for a restructuring of Europe's military vehicles industry. Mr Chow said Europe had 20 manufacturers compared with just two in the US and rationalisation would be needed to improve its competitiveness.

He was speaking as GKN unveiled a 12 per cent increase in pre-tax profits before exceptional items to £406m. Although the results were at the top end of expectations and were accompanied by a bullish outlook, GKN shares slipped 17p to 1493 as dealers sold off "export" stocks in response to the strengthening pound.

British Biotech suspends research director

By Peter Thal Larsen

THE CITY's confidence in British Biotech suffered another blow yesterday after the drug group, which is developing a cure for cancer, confirmed that it had suspended Dr Andrew Millar, its director of clinical research, "pending an investigation of breaches in company policy".

British Biotech shares closed the day down 15.5p at 70p, a two-year low. The company was forced to make its statement after the news had leaked out, prompting investors to speculate that the company's clinical trials had hit problems.

In its statement, the company insisted that its development programmes were unaffected. Marimastat, its potential cancer cure, is currently undergoing final stage III clinical trials while Zalcitex, developed to treat acute pancreatitis, is also close to hitting the market. British Biotech said it "continues to be encouraged by the progress of its clinical trials".

Sources close to the company said Dr Millar was sent home on Wednesday after it was alleged that he had been discussing the company's research programmes with outsiders.

The company has launched an investigation over the supply of information about British Biotech's progress to investors. Dr Millar has been at the company since 1992, and had regularly taken part in presentations to investors and analysts.

The company said there was no evidence that Dr Millar had profited from inside information. He is understood to have been unhappy at British Biotech since the company made Dr Peder Jensen its development director and chief medical officer in January. Dr Millar applied for the job but was not selected.

Dr Jensen sits on the main board and is responsible for all the company's research and clinical development. He is also Dr Millar's boss.

If Dr Millar leaves the company, he will be the third high-profile departure from British Biotech's senior management team in the past two years. Earlier Peter Lewis, the research

director, and James Noble, the finance director, had resigned. Analysts said Dr Millar handled the company's relationships with clinical research laboratories. Those contacts will have to be rebuilt by his successor.

British Biotech has suffered a series of upsets in the past few years. In 1996, the company's shares soared to 326p as it almost became the first biotech company to enter the FTSE 100 index of leading companies.

However, management departures and setbacks in clinical trials dragged the shares back. Last month, its shares lost 30 per cent of their value when a European industry regulator put an application to market Zalcitex on hold.

Pony pulls the plug on Premier League football sponsorship

By Andrew Yates

PREMIER LEAGUE football clubs Tottenham Hotspur, West Ham and Southampton will be forced to look for new kit sponsors after a decision by Pony, the sportswear firm, to withdraw from the sponsorship market.

Pentland, the group which owns the brand, has decided to exit the market after intense competition caused a rapid inflation in sponsorship costs. It will honour existing contracts but will not seek to renew them. Teams such as Norwich, Oldham and Huddersfield will also be affected.

Pentland is choosing to concentrate its investment on leading brands such as Ellesse, Speedo and Kickers in an effort to increase margins across the group. The move is part of a review of the business undertaken by Andrew Rubin, the new chief executive of Pentland, who replaced his father in the role last autumn.

The group also announced a shake up of its loss making US fashion footwear business. It is sacking 60 people and closing an office in New York at a cost of £3.9m in an effort to guide the division back into profit.

Pentland announced an 11 per cent rise in pre-tax profits to £40.5m despite a disappointing performance at Berghaus, best known for its outdoor clothing, which suffered due to abnormally mild weather.

Shares in British Aerospace and Rolls-Royce rose yesterday after the Government confirmed that it is lifting the ceiling on foreign shareholdings in the two companies from 29.5 per cent to 49.5 per cent.

However, John Battle, the Industry Minister, also announced that there would be a new limit of 15 per cent on individual foreign shareholdings in each of the companies.

The new limits will be enforced through the indefinite "golden share" that the Government holds in BAe and Rolls.

The increase in the ceilings was long-awaited and followed an intensive lobbying campaign by BAe and Rolls who argued that the restriction limited the marketability of their shares and depressed their share prices.

The request for a limit on individual shareholdings was contained in the joint application put to the Department of Trade and Industry by the two companies in July although it is understood that BAe would have preferred there to be no limits at all, either on overall or individual foreign shareholdings.

Shareholders will be asked to vote on the increase in the shareholder ceilings at the annual meetings of BAe and Rolls, due to be held respectively on 29 April and 28 May.

Mr Battle said the relaxation in the ceilings was "designed to

Rolls-Royce and BAe boosted as Battle lifts foreign ceiling

By Michael Harrison

SHARES in British Aerospace and Rolls-Royce rose yesterday after the Government confirmed that it is lifting the ceiling on foreign shareholdings in the two companies from 29.5 per cent to 49.5 per cent.

The current level of foreign ownership in BAe is 29.14 per cent while Rolls is 27 per cent foreign owned. At privatisation in 1985 for BAe and 1987 for Rolls the limit on foreign ownership was set at 15 per cent.

It was raised to the current level in 1989 after a number of forced sales after foreign shareholders had breached the limit.

A DTI spokeswoman said that to have raised the overall limit to 49.5 per cent but not to have imposed a lower ceiling on individual shareholdings would have defeated the object since a single foreign shareholder would have been able to gain an effective controlling shareholding without needing to bid for either company.

Rolls shares closed 14p higher at 268.5p on the news while BAe shares ended the day 20p up at 1935p. BAe said the increase in the limit would give it all the flexibility it needed.

STOCK MARKETS

Indices	Close	Change	52 wk high	52 wk low	Yield (%)
FTSE 100	5794.80	-35.00	5861.80	4188.10	3.38
FTSE 250	5336.90	-20.10	5377.90	4384.20	3.02
FTSE 350	2780.40	-11.70	2803.20	2075.70	3.27
FTSE All Share	2709.78	-9.80	2728.28	2058.07	3.25
FTSE SmallCap	2338.40	13.00	2523.40	2182.10	3.27
FTSE Floating	1372.70	4.50	1435.50	955.90	1.02
FTSE AIM	1022.00	4.00	1135.50	635.75	1.61
Dow Jones	8644.62	-31.48	8685.18	14488.21	0.93
Nikkei	16675.22	-180.92	16820.31	7809.13	3.51
Hong Kong	10922.47	-216.38	11581.00	3162.33	1.58
Dax	4838.60	6.94	4985.72	3162.33	1.58

INTEREST RATES

Short sterling	UK 10 year gilt	US long bond
3 month 1.31	7.51	6.82
6 month 1.31	7.51	6.82
1 year 1.31	7.51	6.82
2 year 1.31	7.51	6.82
3 year 1.31	7.51	6.82
4 year 1.31	7.51	6.82
5 year 1.31	7.51	6.82
6 year 1.31	7.51	6.82
7 year 1.31	7.51	6.82
8 year 1.31	7.51	6.82
9 year 1.31	7.51	6.82
10 year 1.31	7.51	6.82

CURRENCIES

\$/£	DM/£	¥/£
1.6599	1.9384	160.84
1.6599	1.9384	160.84
1.6599	1.9384	160.84
1.6599	1.9384	160.84
1.6599	1.9384	160.84
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1.6599	1.9384	160.84
1.6599	1.9384	160.84
1.6599	1.9384	160.84

TOURIST RATES

Australia (dollars)	2.3828	Italy (lira)	2.899
Austria (schillings)	20.60	Japan (yen)	210.53
Belgium (francs)	60.57	Malta (lira)	0.6343
Canada (\$)	2.2629	Netherlands (guilders)	3.204
Cyprus (pounds)	0.8531	Norway (kroner)	12.27
Denmark (kroner)	11.24	Portugal (escudos)	208.28
Finland (markka)	8.9689	Spain (pesetas)	248.16
France (francs)	9.8370	South Africa (rand)	7.8835
Germany (marks)	2.9437	Sweden (kroner)	12.89
Greece (drachme)	464.56	Switzerland (francs)	2.3952
Hong Kong (\$)	12.39	Turkey (lira)	374.10
Ireland (pence)	1.076	USA (\$)	1.611

Source: Thomas Cook
Rates for indication purposes only

Nasdaq and Amex in merger talks

By David Osborne
in New York

MORE usually accustomed to tracking the mergers and acquisitions of the world's corporations – and profiting from them – Wall Street found itself distracted by the prospect of a marriage altogether closer to home yesterday.

Nasdaq and the American Stock Exchange (Amex) confirmed they were in discussions about a merger that would better equip them to take on the might of the largest of the Wall Street markets, the New York Stock Exchange (NYSE).

Details were not available, but the talks appeared to be at an advanced stage. Several obstacles remained, however. Both markets would have to persuade their own memberships to vote in favour of the union.

While a merger may offer logic in terms of challenging to

the overwhelmingly dominant NYSE, it would also be one between two starkly different trading systems, histories and cultures.

The Amex dates back to the out-door curbstone brokers of the last century and only moved indoors in 1921. Like the NYSE, it still trades on a floor through "open-cry" auction. It remains best-known for energy stocks, although recently it has carved a niche in derivatives.

Nasdaq, by contrast, is young and brash. Formed in 1971 by the National Association of Securities Dealers, it trades via a computer-dealer network and has no actual trading floor. It has specialised in attracting high technology issues like Microsoft and Intel.

In a statement, Amex said a merger would "combine the best features of the Amex's auction market with NASD's electronic market".

In recent years, the Amex in

particular has struggled to keep momentum. Its listings have fallen in number from 1,004, 20 years ago, to 771 at the end of last year. Moreover, while the Amex trades an average of 24 million shares a day, that compares with about half a billion for the NYSE.

In its 27 years, the Nasdaq has grown furiously and successfully built its image as home to the hi-tech stocks. It has been wounded by regulatory problems, however, and was forced in 1996 to spend \$100m (£61m) in upgrading its systems after an investigation into possible fraud by its brokers.

Even together, the Nasdaq and Amex will have trouble escaping the NYSE's shadow. The combined market value of the companies listed with them, for example, would total about \$2 trillion. The NYSE, however, already has companies with valued together at \$9.4 trillion.



The biggest: The New York Stock Exchange, whose hegemony may be challenged by a Nasdaq-Amex merger

Reuters in strong denial of fraud claim

REUTERS yesterday rejected as "completely without foundation" fraud claims made by a Swiss software house in a New York lawsuit.

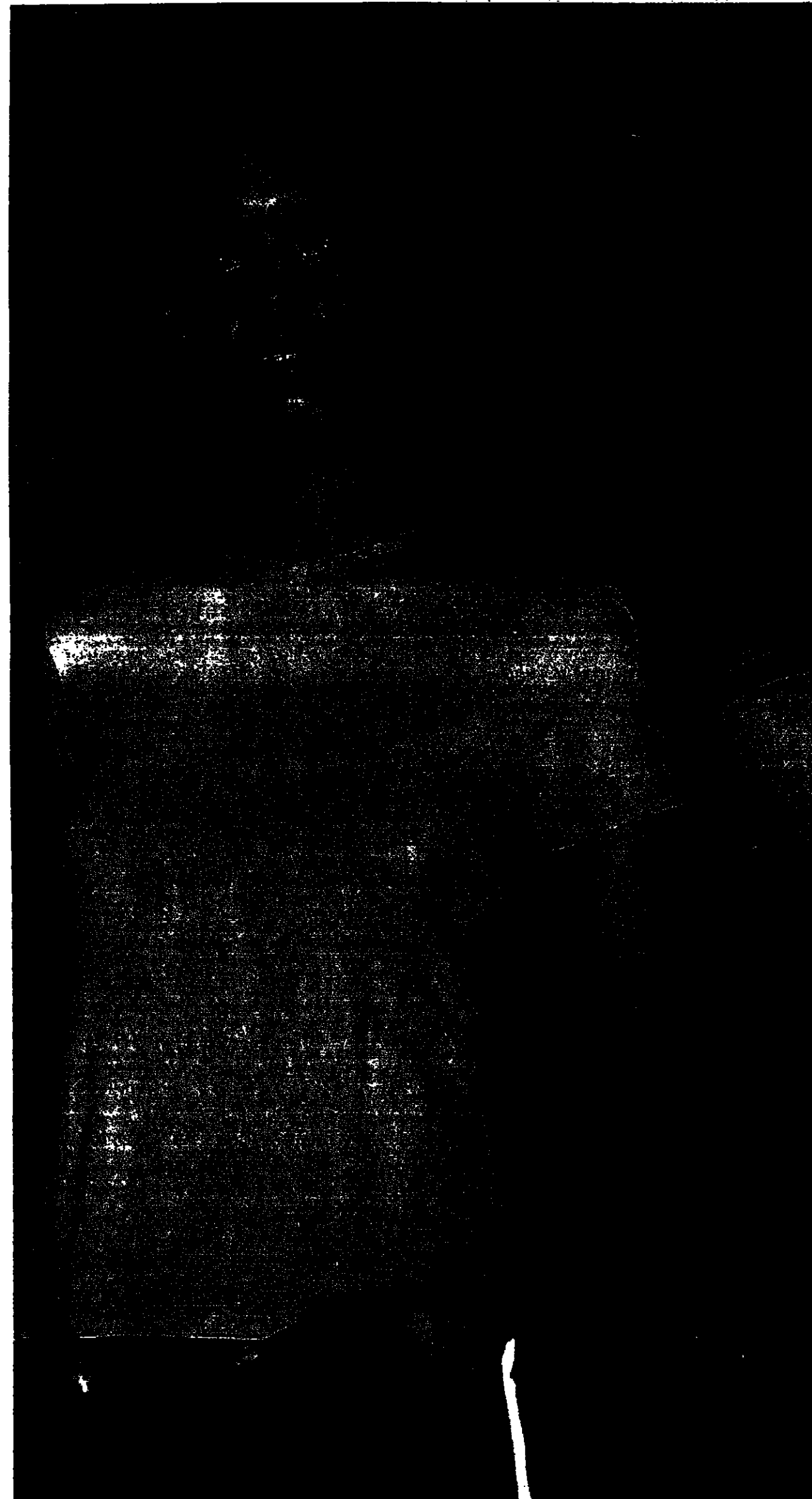
In a statement, Reuters said it received confirmation late on Wednesday of the suit filed by All-Media-Typlan AG in the US District Court against Reuters Ltd and Reuters America Inc.

"The dispute simply involves the interpretation of a complex contractual situation, which has no substantive connection to Reuters America Inc or the United States," Reuters said.

News of the dispute comes just weeks after it emerged that a federal grand jury was investigating whether a unit of Reuters had stolen information from Bloomberg.

It said the dispute involves two Typlan contracts, one with Reuters Ltd, a UK corporation, which is governed by English law, and one with Reuters SA, a Swiss Corporation, which is governed by Swiss law.

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Legal & General shares fall as takeover rumours denied

Shares in Legal & General, the insurer, shed almost 3 per cent yesterday as the company poured cold water on recent takeover rumours. The stock closed at 658.5p, 19p down on the day. David Prosser, chief executive, said the management would defend the company's independence. He added that Legal & General was unlikely to attract bids because of its high share price. The insurer reported operating profits for the year to December of £350m, up 20 per cent, and towards the top end of City expectations. The dividend per share was increased by 14 per cent to 12.7 pence.

Banks 'need 3 years for EMU'

The Bank of England has made its first attempt to set out the implications for the retail banks of UK participation in Euro. In its quarterly report, *Practical Issues Arising from the Introduction of the Euro*, the Bank says retail banks would need at least 3 years to develop systems capable of handling euro notes and coin. John Townsend, deputy director at the Bank, said that fund management and insurance companies, previously chastised by the Bank for being insufficiently prepared for the euro, were beginning to make significant progress.

Big Six merger approved

The proposed merger between Big Six accounting firms Coopers & Lybrand and Price Waterhouse has been cleared by the US competition authorities – boosting the two organisations' hopes that the plan to create the world's largest professional services firm will soon be approved by the European Commission. The move comes just weeks after KPMG and Ernst & Young abandoned their plan to form an even larger practice citing regulatory problems as one of the reasons for not proceeding.

Airbus nets \$1.8bn orders

Airbus Industrie yesterday landed a further batch of orders worth \$3bn (£1.8bn). The Belgian carrier Sabena is buying 34 narrow-bodied A320 jets in a deal worth \$1.8bn while Swissair confirmed an order for nine of the new long-range Airbus A340-600 jets valued at \$1.3bn.

Rugby boost to BAA

The Scotland-France rugby international at Murrayfield helped boost passenger numbers at BAA's Edinburgh airport by 17 per cent last month. The group, which owns Heathrow and Gatwick, recorded a 6.7 per cent increase in overall traffic levels at its seven UK airports in February. The fastest growth was in the European charter market where passenger numbers rose 12.6 per cent year-on-year. Traffic levels on North Atlantic routes rose 11.7 per cent.

BA challenged on route

British Midland is to challenge British Airways monopoly over the London-Warsaw route later this month. The Civil Aviation Authority has agreed to hold an expedited hearing on 23 March into BM's application to start a service. BA and LOT, the Polish airline, operate a code-share agreement and carve up all capacity on the route between them.

Hollick looks to expand

United News & Media is seeking to expand its television interests internationally, the company said yesterday after unveiling a 17 per cent rise in underlying annual profit to £340.3m. Lord Hollick, the chief executive, said United was looking to develop content but would also aim to take stakes overseas to help secure distribution for its programming. United has extensive interests in television, owning three of the regional ITV franchises plus a stake in Channel 5, the national channel launched last March.

QPR 'still in Division One'

Chris Wright, chairman of Loftus Road, the parent company of Queens Park Rangers yesterday said he accepted that it now may not be possible for QPR to win promotion to the Premier League this season. The club would then face a third season in the Nationwide League Division One, and would no longer have the benefit of the Premier League "parachute payment" which is paid to relegated clubs for the first two seasons after their relegation from the Premier League. The benefit of this payment for the full year ending 31 May is expected to be in the region of £2.1m.

The rewards of success

Sandy Weill, chairman and chief executive of Travelers Group, the insurance giant which bought Salomon Brothers last year, has collected one of the world's largest pay cheques. In 1997, Mr Weill collected \$270.1m (£163.7m). The total included £220.2m made by exercising stock options, and \$49.9m in total pay. Mr Weill's fat pay cheque reflects the fact that he built Travelers into the second largest US financial company in market value. Last year was "a year of outstanding accomplishments for the company", Travelers' compensation committee said. The company said it experienced continued strong internal growth, resulting in record operating earnings.

Tobacco bo
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Embryo Count



OUTLOOK ON PENSIONS MIS-SELLING, FOREIGN OWNERSHIP AND CORPORATE TAX AVOIDANCE

Meeting the costs of pension mis-selling

As the Government prepares to announce a spanning new stakeholder pensions policy for the next millennium, the industry and its regulators are still struggling to come to terms with the mess left by the last attempt to reform the way people save for retirement. The Financial Services Authority yesterday estimated the eventual costs of the pensions mis-selling fiasco at a staggering £11bn - more than double previous official estimates.

Ministers would do well to learn the lessons, for although blame for pensions mis-selling lies largely with the industry and its over-enthusiastic salesmen, a substantial part of the mischief is down to the government itself and the direct encouragement it gave to people to take out personal pensions. Given this level of culpability, the exchequer is perhaps lucky that it's not picking up at least a part of the tab. With ministers seriously considering the idea of introducing compulsory saving through stakeholder pensions - egged on as ever by the industry - the Treasury is going to find itself doubly liable this time round when it all goes horribly wrong.

Fortunately the new lot in Downing Street are able to blame incompetent Tories for the last great fiasco (step forward John Major, the responsible minister at the DFSS when the government launched its campaign to convince us we would be better off with a personal pension). Equally fortunately for our cost-conscious Chancellor, it is the industry that is picking up the bill.

Now for the bad bit. Unfortunately, as far as the rest of us are concerned, the ultimate cost will be born largely by those who buy life insurance - through lower benefits on existing policies and higher charges on future ones. In immovably owned life companies, the whole cost is down to policyholders, since it is they who own the company. Even in a proprietary company, there appear to be no hard and fast rules on how the cost should be divided between policyholders and shareholders.

Most companies have provided something in their accounts against the priority cases already settled, but in nearly all instances the provisions are only a fraction of the total costs. The balance, we must assume, is met from the life fund. The present Government seems as incapable as the last of finding a satisfactory way of fencing policyholders from these costs and making shareholders and directors wholly liable for the scandal.

In essence, then, we end up with a tax to pay the compensation after all, albeit a hidden and random one. Ho hum.

Foreign ownership of Rolls and BAe

A classic piece of Whitehall fudge was served up yesterday in the shape of the raised ceilings on foreign shareholdings in British Aerospace and Rolls Royce. Having accepted the argument that the current 29.5 per cent limit was artificially distorting the market in the two shares, the logical course of action would have been to abolish the restrictions altogether.

This was BAe's preferred option. How-

ever, Rolls, for all its muscular declarations of independence, went weak at the knees at the thought of Johnnie Foreigner acquiring a sizeable individual stake. It therefore stuck out for a lower limit on single foreign shareholdings.

The upshot is that while the ceiling on overall foreign shareholdings has been raised to 49.5 per cent, a new 15 per cent limit has been introduced for individual holdings. The limits are there to keep the two companies and their strategic defence technologies in British hands. Anyone who thinks it ought to be otherwise will be met by Margaret Beckett waving her Special Share.

Do Rolls and BAe need such protection when neither GEC nor Vickers can resort to the same defence mechanism? BAe and Rolls might make and power the Tomado but half the fighting kit in the land is armed by GEC, while Vickers is the country's biggest, not its only, manufacturer of battle tanks.

Probably not, but then BAe and Rolls were once owned by the Government and, as is so often the case, ministers cannot quite let go altogether.

Even so, as time goes by it could prove a more and more awkward corner to fight. Protecting BAe from takeover, even from its European allies, at the same time as trying to engineer a consolidation of Europe's defence and aerospace industries looks like wanting to have your Eurofighter and eat it.

If either Rolls or BAe were ever to be taken over, then the bidder is much more likely to come from these shores. But never say never. Jaguar thought it was invio-

late until Ford came along waving a fat cheque book and discovered that the then government's golden share was made of a baser metal altogether.

Tax avoidance and good citizenship

Here is an interesting proposition for the Chancellor from Ernst & Young, one of Britain's keenest practitioners of tax planning: abolish corporation tax. Since corporate tax is only a small fraction of the Government's total tax revenues, it's hardly worth the bother; the extra direct investment in the economy generated by abolishing it altogether would pay back the exchequer in spades. And, like Pitt's disastrous tax on windows, it just encourages silly behaviour. People bricked up their windows so as not to pay it; companies engage in equivalent, wasteful, forms of tax avoidance.

Next week's Budget is exciting even more attention than usual from the accountancy profession because it is expected to crack down massively on avoidance. Using loopholes in the law to reduce liability to tax may be legal, but Gordon Brown, like all Chancellors, thinks it is wrong. The more those with resources at their disposal, whether companies or rich individuals, reduce their tax bills, the more the rest of us have to pay to fund the services provided by the government. What's more, it is not fair, and fairness in tax is a central political concern for Labour.

There are, of course, practical considerations that might limit ability to block clever avoidance schemes. Some measures might be too expensive to administer, or might clamp down on completely normal transactions along the way. It is fair to say that the Inland Revenue assumes the worst of everybody, and they are sometimes wrong.

If there is to be a clampdown on avoidance then the Chancellor should be concentrating primarily on companies rather than individuals. We might resent the fifty rich getting away with clever schemes to pay less tax, but even if they all save a million or two, the amount foregone pales into insignificance compared to the sums by which some big companies manage to reduce their payments.

In an age when transparency has become a mantra for good governance, multinationals are getting away with murder, aided and abetted by the accountancy profession. As governments and institutions progressively open themselves up to public scrutiny and accountability, the modern day corporation remains one of the last great bastions of secrecy and obfuscation. No team of tax inspectors has a hope of getting to the bottom of what's going on in the affairs of those determined to practise risky-dink tax avoidance.

Finance directors tend to defend tax avoidance by citing a fiduciary duty on behalf of shareholders to minimise tax. Such arguments only encourage governments into anti-business policies. Solutions are hard to find but no government should give up the effort to enforce responsible corporate citizenship.

Tobacco bootleggers costing millions claims Gallaher chief

By Andrew Yates

GALLAHER, the UK's biggest cigarette manufacturer, with leading brands such as Benson & Hedges and Silk Cut, yesterday warned that the tobacco bootlegging industry is now worth hundreds of millions of pounds a year.

Analysts estimate the explosion of illegal imports into the industry is worth tens of millions, while the Government is losing up to £600m a year in lost tax revenues.

Gallaher believes that bootleggers importing cheap cigarettes from Continental Europe now account for 3 per cent of the whole UK market, estimated to be worth more than £10bn a year. The group claims that the explosion in illegal importation of tobacco is the main reason behind a 4 per cent fall in the cigarette market in 1997.

The handrolling tobacco market has also been damaged by illegal imports which now account for three quarters of UK consumption. Bootleggers are importing tons of tobacco mainly from Belgium and Luxembourg.

Peter Wilson, chairman and chief executive of Gallaher, yesterday surprisingly backed the principle of a voluntary ban of smoking at work or in public places. "I think it is a matter of common sense. If people can come together and make a decision then that is the right solution."

However, Gallaher joined BAT in denouncing Government research published earlier this week that passive smoking harms health and can kill. "I am saddened. This should be judged on science not emotion. They have not established there is any increase in risk from passive smoking," said Mr Wilson.



'Sink the smugglers': Peter Wilson, chairman and CEO of Gallaher. Photograph: Kristian Buss

Gallaher, along with its main UK rival, Imperial Tobacco, faces the threat of litigation from lung cancer victims in the UK. The legal action comes in the wake of the US tobacco industry's decision to arrange a settlement with claimants in response to a stream of compensation claims.

THE US TOBACCO INDUSTRY has mounted a multi-million pound advertising campaign across America designed to persuade the nation that its \$370bn (\$225bn) compensation settlement for cigarette victims is a fair one. Brown & Williamson, the American arm of BAT, Philip Morris, RJR Nabisco and Lorillard, are funding the initiative in the hope that it will prompt the US Congress to vote through the deal. The move comes amid growing fears that Congress may demand harder financial penalties from the industry. The advertisement says that the settlement will safeguard hundreds of thousands of jobs and claims it is crucially important to the industry and all of America.

However, Gallaher said yesterday that the group had no intention of compensating victims and would continue to fight them tooth and nail in the courts. "We have in place meritorious defences and continue to have faith in the British justice system. We will not be settling any cases," Mr Wilson said.

Gallaher admitted that the proposed European wide ban on advertising and sponsorship would have a big impact on its business. However the group is confident it can circumvent the ban and maintain sales by increasing promotions in shops that sell cigarettes.

The Government is expected to announce another rise in tobacco duty next week, equivalent to around 20p for a packet of 20.

If the duty is imposed in the next few months then Gallaher admits it could prove a significant drain on profits. However it is hoping Gordon Brown, the Chancellor, will not choose to impose the new duty until December.

Investment column, page 25

CBI forges an unlikely green alliance

By Nicholas Schoon
Environment Correspondent

FORMING AN unlikely alliance, the Confederation of British Industry and Friends of the Earth yesterday declared themselves in favour of environmental taxes. Not surprisingly, the industrialists were more cautious than the green pressure group.

Their statements came just days before a Budget in which Chancellor Gordon Brown is expected to announce a further increase in corporation taxes. Environmentalists will see well above the rate of inflation, and it is

thought that the tax break for company cars will be curbed.

In a consultation paper, the CBI said it had no objection in principle to eco-taxes or tradable permits - a system yet to be tried out in Britain in which companies are issued with permits entitling them to spew out a certain quantity of pollution.

They can then trade these permits between themselves at a price established in a free market. Companies which find it cheap and easy to curb pollution can sell permits to those which do not.

The CBI says any extra revenue raised by eco-taxes must be offset by cuts in other taxes on firms and households. It rejects the idea that pollution taxes are justified in order that taxes on employment and income should be cut. The prime reason for any eco-tax must be to curb a particular type of pollution.

BP's chief economist, Professor Peter Davies, chair of the group which drew up the paper, said: "Business wishes to play its part in ensuring a clean environment as efficiently and effectively as possible."

Meanwhile, Friends of the Earth unveiled radical budget proposals including a 9 per cent rise in petrol duty and a tax on non-residential private car parking spaces which would raise £400m a year.

These and other taxes, along with cuts in the roads programme, would allow a big expansion in energy-saving measures for low-income and pensioner households and a 3-per-cent cut in employers' National Insurance contributions.

FOE's director, Charles Seaton, said: "This is truly the Chancellor's last chance to deliver on his environmental promises."

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TIME COMPUTER SYSTEMS

Hambro Countrywide admits danger

HAMBRO Countrywide yesterday admitted the that decision by Hambros plc - the banking group that owns 52 per cent of its shares - to distribute its stake among its own investors, had made the estate agency and financial services group a takeover target.

Harry Hill, Countrywide's managing director, said this would give the company the benefit of its shares having far greater liquidity than they had in the past and predicted an improved share price performance in the short term.

But he conceded the group would also be more exposed to takeovers as a result of the change in its shareholding base.

He said there had been approaches during the period of uncertainty about Hambros plc's future but there had been nothing that has ever become

totally serious" in terms of a takeover attempt.

Countrywide still harbours ambitions to grow its life assurance business through acquisition, but Mr Hill said prices were currently "rather more than we would like to pay" and the group would continue to be reactive on potential buys, with none in view.

His comments came as Countrywide reported record pre-tax profits of £52.7m for 1997 and said it was optimistic about the future.

"To have made a million pounds a week is quite an achievement for a company that made a loss only a few years ago," Mr Hill said.

The profits for the year represented a 71 per cent increase on 1996 when the group reported profits of £30.8m. The group said its dividend for the

year would total 3p, a rise of 50 per cent on 1996.

Mr Hill said the group had "neither the need or desire" to raise any extra capital for the time being, although he conceded this would now be an easier process without Hambros as the dominant shareholder.

Only 25 per cent of Countrywide's business is now selling houses, with half made up of life assurance and the remaining 25 per cent its surveying services.

Mr Hill said that as Countrywide's recently launched conveyancing service increased in profit, the balance of business from the traditional estate agency role of selling homes will fall further.

But despite a slight slowing in last quarter of 1997 Mr Hill said he still saw more growth from the housing market,

which has seen prices increase rapidly in certain areas notably London and South-east England over the last 18 months.

"We believe the housing market has still got growth to come," he said, adding that house sales were still below the 18-year average.

Countrywide had seen the average price of houses it sold rise to more than £80,000 in February and Mr Hill predicted it would be above this level for the year as a whole. The average house price in 1997 was up 15.9 per cent to £73,576.

Mr Hill said there would be a much broader based recovery in the market than in 1997, with London and the South East losing some momentum.

"London and the South-east will be a touch less fierce," he said.

Big game hunt lifts Liberty International

MARKET REPORT



DEREK PAIN

LIBERTY International, the South African-controlled financial group, jumped 28.5p to a 606p peak as the stock market latched on to ambitious plans which could elevate the shares to Footsie membership.

The company, it seems, is hunting for a significant acquisition. Last month it recruited Jim Sutcliffe, once tipped as a potential chief executive of Prudential Corporation, as deputy chairman. His brief is to develop the company into a major financial services player.

Liberty, with a capitalisation of £1.7bn, needs to grow to more than £3bn to stand any chance of becoming a Footsie constituent.

The company, where South African interests have 69 per cent, has £2.5bn in finance available for acquisitions. It raised £57m selling its half share in the Sun Holdings (now Sun Life & Provincial) three years ago. One of its

major assets is 71.9 per cent of Capital Shopping Centres, firm at 451.5p.

Headed by the legendary Donald Gordon Liberty, it is thought likely to concentrate its takeover fire power on overseas acquisitions. It believes prices in this country are too high.

Footsie's four-day winning center came to an end with the index giving up 35 points to 5,794.8. An uncertain New York opening, profit taking and the shadow of next week's Budget prompted the retreat. But, once again, supporting shares were buoyant with the mid and SmallCap indices reaching new highs.

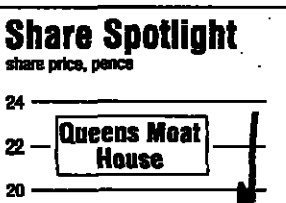
British Aerospace, up 20p at 1,935p, responded to the expected Government decision to lift the restriction on foreign held shares from 29.5 per cent to 49.5 per cent.

National Grid, as HSBC appeared to reduce its 11.6 per cent stake, rose 11.5p to 344p.

Renters, off 26p to 638p, was hit by another legal assault with a Swiss group registering a suit against the information group in the US. Already Reuters is under investigation in the US after rivals Bloomberg alleged its products had been improperly obtained and used by Reuters. The Swiss allegations "are completely without foundation", said the news group.

Compass, the caterer, rose 8p to 958p on its Footsie arrival and revived hopes of Rentokil Initial bid interest. Relegated Dixons fell 2.5p to 489p and Moxys, the computer group which just missed out on Footsie membership, gained 112.5p to 2,727.5p.

Among the buoyant second liners Airtours climbed 32.5p to 510p and drugs group Galea added 24p to 495.5p. But sterling's renewed strength hurt engineers with Glynwed International, off 9.5p to 241.5p and TI 9p to 502p.



British Biotech was ravaged by the suspension of Andrew Miller, director of clinical research, falling 15.5p to 70p, lowest since 1995.

MFI Furniture slipped 3.5p to 89p. It denied reports one of its institutional investors, Schroders, had demanded a meeting because of the chain's dismal trading. A spokesman said chairman Derek Hunt

was engaged in a range of normal institutional meetings.

Wembley, on the Arsenal FC approach, was at one time up 41p. The shares closed at 364.5p, 14p higher. On Ofex, Arsenal shares scored a £100 gain to £2,300.

Molins, the cigarette machinery group, produced losses and another warning, falling 20p to 285p.

Oil services groups Abbot and Expro International were strong on talk of US bid action as well as encouraging trading. Abbot, which could have lifted profits from £7.4m to nearer £14m, gained 6p to 192.5p, a peak. Expro jumped 32p to 507p.

Newcomer Peasants International, a maker of computer-based training systems, arrived on AIM; the price moved to 142.5p from a 125p placing.

WML, the old Whinney Mackay Lewis architect group, returned to market as WML, gaining 20p to 49.5p. The

shares were placed at 30p following the acquisitions of two property related companies.

Housebuilders were given a lift by the takeover bid for John Mauders by rival Westbury. The agreed cash and shares offer priced Mauders at £55m. The target's shares advanced 43p to 308.5p; Westbury slipped 4.5p to 272p.

North Midlands Construction put on 13p to 98.5p, a peak, after a profit surge from £1.4m to £2.2m. Further progress is expected this year.

Emerald Energy, seeking oil and gas in Colombia, held at 7.25p after raising £3.4m by placing shares at 6.75p. The cash is needed because of further delays at its Chawina 2 site; its expects to move to its Matambo field by the middle of May.

Freeport Leisure climbed 13.5p to 352p. It has formed a joint venture company to develop a shopping mall at New-castle-under-Lyme.

TAKING STOCK

Farlake, a fund manager with £270m under its control, jumped 55p to 255p. Two new shareholders have climbed on board. They are EMS Capital, a US-backed investment company, and Derwent, a business thought to be related to David Rowland, the Monaco-based property entrepreneur. His last quoted play was Inoco, a property group. EMS has acquired 25.4 per cent from stockbroker Hichens Harrison and Derwent seems to have picked up 14.9 per cent through the market. Farlake shares reached 475p two years ago. They were hit when managing director Peter Leonard departed to form Integrated Asset Management, suspended at 130p.

Queens Moat Houses, the struggling hotel chain which almost came to grief in 1993, climbed to a two-year high, up 0.75p to 23.25p. There is talk of overseas buying. Profits of the still debt-laden group are due soon - NatWest Securities expect £12m (£4.6m).

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Alcoholic Beverages							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
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100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Food Producers							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
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100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Oil Exploration & Production							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Other Financial							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Banking							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Gas Distribution							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Household Goods							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Insurance							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Engineering							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
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100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Engineering Vehicles							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Chemicals							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Telecommunications							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Building/Construction							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Investment Trusts							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Pharmaceuticals							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E Code
Property							
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000
100 000	100.00	95.00	100 000	100.00	-0.50	4.1	100 000

52 week	High	Low	Stock	Price	Chg	Yld	P/E
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THE INVESTMENT COLUMN

EDITED BY ANDREW YATES

Challenging time for UB's sales line

UNITED Biscuits has proved a dismal investment over the past five years, but the company was expressing confidence yesterday that it is now turning the corner. It has cleared out disasters like the Keebler business in America and last November it conducted a £241m asset swap with PepsiCo under which it sold its French and Australian snacks operations in return for PepsiCo's French biscuit business. The deal has enabled United Biscuits to return £150m to shareholders which will be effected by the issue of "B" shares that will then be bought back.

UB's pruned portfolio is now organised into two divisions - the McVities biscuits business and UK foods which takes in snacks, chilled and frozen foods. The plan is to concentrate more on its core branded products like Penguin, Hula Hoops and Skips as well as its new Go Ahead range of low-fat snacks and less on own label goods supplied to the supermarkets.

Management seems more focused on shareholder value. It has cut costs and concentrated on building margins which rose by a full percentage point last year. The challenge now is to build the sales line which didn't budge at all in any of the divisions last year.

This is promising much, but the City is not sure management can deliver. Pre-tax profits before exceptional fell by 3 per cent to £106.2m last year though UB says this was due to the decline in businesses now discontinued. But in the UK, which is UB's main market by some distance, sales were flat even after stripping out lower exports because of the strong pound and £12m from the sales of businesses. However, management has drawn some comfort from achieving sales growth of around 5 per cent in the last quarter of last year and the first two months of this one.

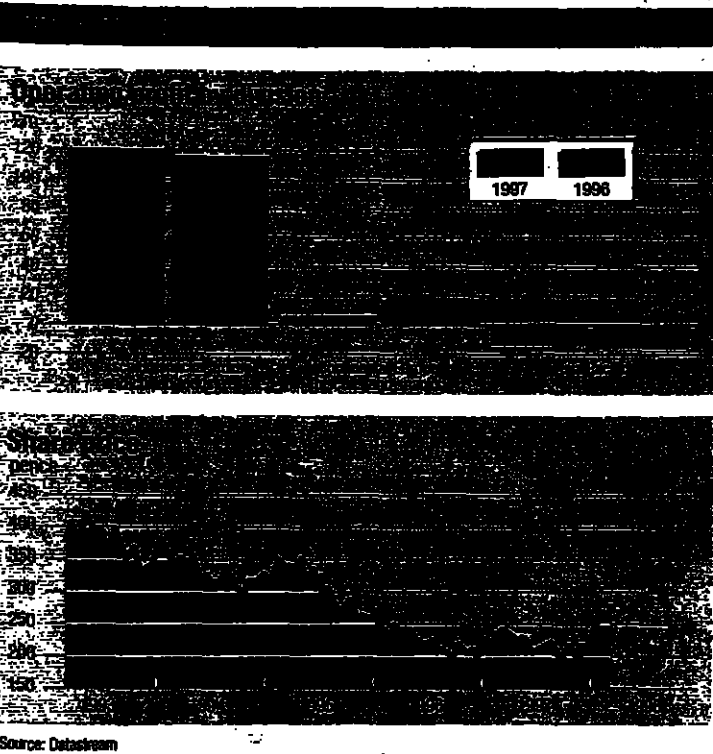
Delivering longer term sales growth will test UB's marketing skills and will be made more difficult given the cut-throat market in which UB operates. Eric Nicol, the company's long-standing chief executive, says regional dominance is much more important than global scale, but the fact remains that UB is a £1.4bn company up against huge competitors like PepsiCo and Nestlé.

It is looking at bolt-on acquisitions and with gearing halved to 17 per cent it could afford more share buy-backs, but the strong run of the last two months now has the shares looking full-

United Biscuits: At a glance

Market value: £1.4bn, share price 263p (-8p)

Turnover (£m)	1996	1997	1998	1999	2000
	3.0	3.0	3.0	1.8	1.8
Earnings per share (p)	12.8	16.3	(23.9)	3.2	11.1



valued. The shares fell 6p to 263p yesterday and assuming full-year profits of £120m this year, they trade on a forward rating of 16 and yield almost five per cent. Given the scale of the challenge that looks high enough.

Life not so bad for Reed after all

HAVING been jilted at the altar by Wolters Kluwer, Reed Elsevier was yesterday making out that single life isn't so bad after all. To a certain extent, it's right. Although the £18m marriage would have created a powerful international publishing group, with near-monopolies in key areas such as scientific and legal publishing, even on its own Reed is no weakling. That said, by failing to close the deal Reed is missing out on tens of millions of pounds worth of "synergies" - code

for its ability to squeeze prices for key products even higher. An independent Wolters means more competition in some of Reed's markets and another potential bidder driving up the price of acquisition targets.

Of course, this is no different from the position Reed was in before it announced the merger. So has the fall in its share price - the shares yesterday fell by another 6.5p to 610.5p and are now down 15 per cent from their high in early March - now accounted for that?

Well, perhaps. Adjusting for the strength of sterling and other exceptional items, yesterday's figures showed Reed Elsevier's pre-tax profit rising by 10 per cent to £823m in 1997. However, this includes acquisitions and doesn't count the expense of defusing the Millennium time bomb. That cost Reed £11m last year, and the total bill is likely to reach £75m.

Adjust for these factors, and earnings growth looks fairly ordinary for what is supposed to be a rapidly ex-

panding media business. Much of the blame falls on the Travel Group, which reported a 20 per cent fall in profits as a result of hefty restructuring after Reed uncovered circulation irregularities in the US. Repaying advertisers for overcharging and writing down the value of the business prompted an exceptional writedown of £401m - as Reed had already announced.

The Travel Group is unlikely to improve much this year. The other parts of the business should continue to forge ahead. Having raised £860m from the sale of its consumer magazines Reed, with net cash on the balance sheet, has plenty of firepower to make acquisitions. Based on the existing businesses alone, however, growth prospects don't exactly set the pulse racing. Brokers forecast profits of £855m, which puts shares in Reed International, Reed Elsevier's UK parent, on a forward p/e ratio of 21. High enough for now.

Gallaher full of Eastern promise

WHATEVER you think about the ethics of tobacco companies they make a packet. Gallaher, Britain's biggest cigarette supplier which produces best-selling brands such as Benson & Hedges and Silk Cut, announced an 11 per cent pre-tax profit to £337m yesterday. But can it keep growing at this sort of rate?

The UK market is declining at 4 per cent a year, mainly due to bootleggers who are costing the industry dear. Tobacco duty is rising relentlessly which, although it has not yet had a significant impact on demand, must eventually hit sales. And it has seen the emergence of cheap discounted brands which will lead to a fall in industry margins. Gallaher has been able to offset this by cutting costs but it cannot go on doing so for ever. Throw in the European Union's decision to ban tobacco advertising and the threat of legal action from cancer victims and the prospects for the mature UK market look poor.

That means the key to Gallaher's success will be its expansion into overseas markets, particularly Eastern Europe and Asia, which are growing rapidly.

The shares, which rose 13p to 363p are sitting on a prospective P/E ratio of 12 which looks flat. Gallaher should continue to prove to be a reliable performer. However, after a sharp rise in the group's value in recent months the stock now sits on an unjustified premium to rival Imperial Tobacco. High enough.

PEOPLE & BUSINESS

JOHN WILLCOCK



HOWARD Hodgson, the former king of British undertakers and ex-boss of Ronson, has been appointed chief executive of a cigarette lighter manufacturer which was recently bought out of liquidation by its American affiliate.

The trading subsidiaries of Colibri of London were put into liquidation last month. Now Colibri Corporation of America, a separate company that broke off from the UK business over 30 years ago, has bought Colibri of London and appointed Mr Hodgson boss of a new company, Colibri Corporation Limited.

Colibri owns a number of trademarks to lighter and pen designs, and its turnover in the US is over \$90 million.

Fred Levinger, President of the US company, said: "We intend to finance and support the new international entity...so that it achieves a prominent place in the market."

"From a marketing perspective, we look forward to the obvious synergies of a united brand name."

LONRHO continues its transformation into a club for South African tycoons with the appointment of Sir Alastair Morton as a non-executive director.

Sir Alastair, the man who got Eurommel dug, grew up in South Africa before getting a scholarship to Oxford University.

Although his nationality is English and his father was a Scottish oil engineer, Sir Alastair will no doubt feel at home with the other South Africans on the Lonrho board, chairman Sir John Craven, and mining director Terence Wilkinson.

Sir Alastair spent his first four working years at De Beers and Anglo American in South Africa, before moving to the World Bank. He is currently, amongst many other things, an adviser to the vice chancellor of the University of Cambridge and chairman of the National Youth Orchestra.

BEAUFORD, a manufacturer of ceramics based in Leeds, has appointed a new chief executive to replace Edward Duke, who has recently been made leader of the Countryside

Alliance. Obviously Mr Duke couldn't spend his time leading marches to London and put in a full working week at the office, so he has switched to a non-executive role at the company.

The new chief executive of Beauford is Clive Gillham, a chartered accountant who has been finance director of the company since 1992.

Mr Duke joined the board of Beauford in 1991 when it was in the red and being nursed along by its banks. During his time at the helm, the company was refinanced, 12 engineering subsidiaries were closed or sold and three industrial and ceramics companies bought, repositioning the business as a specialist ceramics maker.

Lets hope Mr Duke can do a similar good job at the Countryside Alliance, although I think with its disparate make-up of fox hunters, green-belters and horny-handed sons of toil the Alliance might be a tougher proposition.

BILL Harrison, the former head of BZW, started at Deutsche Morgan Grenfell 10 days ago as head of corporate advisory, with the additional role of integrating corporate banking and investment banking business, a process that will cost thousands of job losses worldwide.

Back in 1996 Mr Harrison trousered three million pounds from BZW, causing gasps even in the highly-paid parlours of the City.

Yet a naughty little bird whispers in my ear that Mr Harrison's pay-off when he left BZW last autumn, following Barclays' decision to sell most of its investment bank, "barely climbed into seven figures."

Poor chap. Lets hope Deutsche make up for this fallow year.

KEN Bates, chairman of Chelsea, is not a man to cross lightly. Indeed Mr Bates's reputation is so fierce that his fellow directors take great care what they say when they're in his presence.

For instance Alan Shaw, Chelsea's company secretary, told journalists as he started the annual results presentation at Stamford Bridge yesterday: "The good news is that Michael Russell [finance director] and myself are here to take your questions. The bad news is that Ken Bates isn't here, but he will be available to talk to you at lunch."

Such respect. No wonder Mr Bates is known as "The Godfather of Stamford Bridge."

WHAT'S a "Reusable Transit Package?" CK Chow, chief executive of GKN, has the answer: It's the plastic version of a cardboard box.

Mr Chow reckons the RTP has "enormous potential" to replace the humble cardboard model, since the former is more robust and environmentally sensitive, being reusable.

GKN is already supplying such things to Asda and is talking to four supermarket chains in France and Spain.

Sales of RTPs could eventually reach £1bn for each continent of the world, and GKN is in the lead Mr Chow says.

Housebuilding shares boom in wake of takeover

SHARES in the house-building sector rose sharply yesterday after an agreed £55m takeover deal excited the market. John Mauders Group, the residential property development company, announced it had agreed to a recommended bid from housebuilding company Westbury to strengthen its market share in the south of England and extend into the North-west.

The bid for Mauders, which builds residential homes, follows Westbury's 1996 takeover of Clarke Homes and is part of a consolidation movement by homebuilders seeking larger land holdings during a period of rapid construction growth.

"The board of Westbury believes that the acquisition provides an excellent opportunity for Westbury to take a significant step forward in its growth plans and will also further raise Westbury's market and land buying profile," the company said in a statement.

The offer will be made on the basis of 2.7 shares and £14.72 in cash for every 10 Mauders shares valuing each Mauders share at around 219p a share. Mauders shareholders will

be entitled to an interim dividend of 2.6p per share for the financial year to 30 June.

The offer represents a 32 per cent premium over Mauders' share price of 165.5p at close of trading on Wednesday night. Yesterday, the shares were marked up 43p or 26 per cent to close at 208.5p. Westbury lost 4.5p to 272p.

The bid sparked enthusiasm for housebuilders' stocks with Bryant Group rising 5p to 154.5p, Barrat Developments up 7.5p to 284p, Beazer group ahead 6.5p to 217p and Berkeley Group gaining 10.5p to 731.5p.

Westbury said in a statement that it would raise £34.7m, net of expenses, through a one-for-six rights issue of 15.08 million shares at 235p per share. The rights issue has been underwritten by Dresdner Kleinwort Benson with Pannure Gordon as its brokers. Dealings in the issue will start on or around 19 March.

The merged operations of Westbury and John Mauders is expected to deliver cost savings of around £2.5m in a full year. Exceptional reorganisation costs would be £1.5m in the first year.

Sytner profits up threefold in year before flotation

PROFITS at Sytner Group, the luxury car dealership that floated on the stock market in December, saw profits accelerate three-fold in its last year as a private company.

The group made a pre-tax profit of £7.97m in 1997, a 148-per-cent increase on the £2.67m it made in the previous year. Underlying profits, excluding an exceptional £1.37m profit on the disposal of a freehold property, grew 147 per cent to £6.6m.

Frank Sytner, the chairman, said trading had started well so far this year, adding: "Results

are currently ahead of our internal budgets and the prospects for the remainder of the year continue to be encouraging. We remain committed to growth in partnership with great marques and to delivering value to our shareholders."

"We will continue to grow our business by acquisition but only when we can do this prudently and when our stringent investment criteria can be met."

We remain committed to growth in partnership with great marques and to delivering value to our shareholders."

Molins operations hit by demand downturn

MOLINS, the troubled tobacco machinery maker, yesterday reported a sharp drop in operating profits and warned that the current year would also be difficult - its sixth warning in the space of a year. The news sent shares in the firm skidding 20p, or 7 per cent, lower to 285p by the close of dealing.

Michael Orr, Molins chairman, said: "Substantial cost reductions have already been made in an effort to underpin profitability. Even so, with sterling remaining strong, we will do well to achieve improved operating results in the current year."

The group fell into a pre-tax loss of £20.1m for 1997 compared with a profit of £33.4m in 1996. Operating profit before exceptional charges was £13.1m compared with £38.3m.

It also said it could not rule

out a further reduction in capacity at its tobacco machinery division following the company's decision in November to cut 500 jobs at the division because of slower orders from Asian markets.

Molins blamed the profit downturn on a sharp reduction in demand at its tobacco machinery division and the consequent restructuring. The group took a charge of £31.1m in the 1997 accounts, some £17.9m for restructuring and £13.4m for accounting irregularities.

As a result of the downturn the group cut its final dividend payment to 8.5p per share from 15.5p in the previous year.

Although Molins does not rule out a further reduction in capacity, it expects its tobacco machinery division to remain profitable subject to further exceptional costs.

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Asda & Lacey (F)	151.4m (148.0m)	11.3m (10.1m)	21.1p (19.4p)	7.7p
British Mobile (F)	42.0m (44.2m)	0.48m (0.88m)	3.29p (4.02p)	4.0p (5.5p)
Chapel (F)	243.2m (242.0m)	8.0m (-15.2m)	11.8p (4.77p)	6.5p
Chelsea Village (F)	36.6m (10.4m)	0.19m (0.40m)	0.12p (-0.27p)	ni
Deutsche Consulting (F)	82.2m (84.5m)	8.48m (0.04m)	30.21p (2.78p)	8.1p (2.3p)
Dante Industries (F)	407.7m (345.0m)	44.3m (22.1m)	21.04p (18.9p)	11.2p (10.3p)
Elanco (F)	14.7m (13.8m)	0.57m (-1.85m)	-1.5p (-4.4p)	ni
Gallaher (F)	4.41m (4.87m)	337.2m (301.8m)	38.2p (32.8p)	19.25p
GNV (F)	3.98m (3.38m)	408.0m (58.0m)	78.4p (-12.0p)	ni
Henderson Countryside (F)	247.5m (203.4m)	22.8m (30.8m)	15.5p (8.42p)	3.0p (2.0p)
Homecor (F)	19.3m (8.8m)	1.85m (0.957m)	9.9p (11.7p)	1.0p (ni)
Kier Group (F)	338.2m (337.8m)	3.8m (3.1m)	8.2p (8.7p)	2.2p (ni)
Legal & General (F)	- (-)	349.6m (251.4m)	19.5p (18.8p)	12.7p (11.1p)
John Mauders (F)	42.8m (27.3m)	3.46m (0.10m)	9.21p (0.29p)	2.85p (0.65p)
Molins (F)	254.8m (208.2m)	-20.1m (33.4m)	-50.9p (72.8p)	15.0p (22.0p)
John Mauders (F)	1.48m (1.40m)	-12.4m (16.7m)	-12.5p (8.1p)	4.0p
MTL Industrials (F)	42.2m (41.8m)	5.12m (4.82m)	17.4p (15.7p)	5.5p (6.0p)
Northbrook/Thompson (F)	255.8m (228.0m)	20.7m (22.8m)	1.7p (8.4p)	18.25p
Orange (F)	913.7m (819.0m)	-189.0m (-228.0m)	12.0p (21.0p)	ni
Pension Energy (F)	10.52m (13.3m)	1.83m (-4.48m)	0.27p (-4.45p)	ni
Pentland (F)	755.2m (808.8m)	41.5m (-3.8m)	6.82p (6.22p)	3.00p
Reckitt & Coleman (F)	2.28m (2.32m)	302.5m (334.8m)	58.1p (57.7p)	24.0p (21.8p)
Schir Energy (F)	- (-)	-0.187m (-0.22m)	0.07p (-0.03p)	ni
Sigplan (F)	13.8m (11.1m)	-17.7m (14.8m)	-5.1p (8.5p)	ni
Talbot (F)	113.0m (117.0m)	4.88m (4.93m)	4.0p (1.5p)	1.45p
Tilbury Douglas (F)	523.8m (478.7m)	22.94m (19.02m)	18.5p (16.4p)	8.4p (8.2p)
Trust Group (F)	22.01m (22.22m)	0.338m (1.41m)	7.0p (8.8p)	2.0p (3.0p)
United Biscuits (F)	1.77m (1.80m)	90.4m (24.4m)	11.7p (3.2p)	10.5p
United Insurance (F)	37.88m (48.97m)	3.65m (4.44m)	6.33p (-1.88p)	2.5p (2.4p)
United News & Media (F)	2.27m (1.98m)	378.0m (333.8m)	56.1p (31.1p)	24.0p

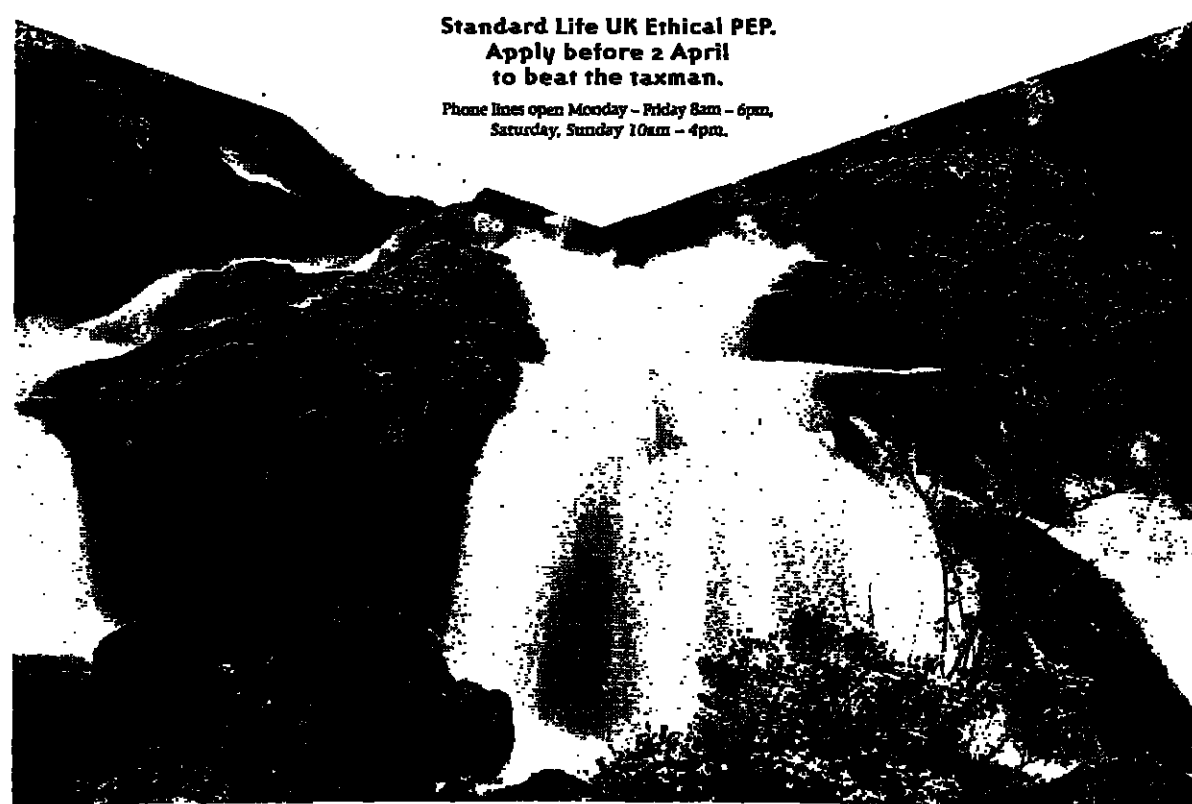
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عن الأهل



Graf: New experience

Ice-maiden Graf warms to life as a sentimental favourite

WHILE determined to return to the showpieces of the French Open and Wimbledon, which falls the week after her 29th birthday on 14 June, Steffi Graf is adamant that she has nothing to prove, not even to herself. "My goal is to enjoy what I am doing out there," she said yesterday, "everything else, I have done before."

The former world No 1 is second only to Australia's Margaret Court, who leads the German 24-21 in terms of Grand Slam singles titles. "I want to do well at the Grand Slam tournaments, that is for sure," Graf

said, "but in terms of breaking a record, no, that is not anything that I believe I can get close to."

Graf was addressing questions during a conference call prior to her match last night against Lindsay Davenport, the American world No 2, in the semi-finals of the Evert Cup at Indian Wells, California. It is only the second tournament Graf has played since undergoing knee surgery after losing to Amanda Coetzer in quarter-finals of the French Open last June.

Defeated by Sabine Appelmans last month in the third round of her comeback event in

Hannover, Graf is ranked No 45 in the world. At the time of her injury she was the world No 3, and the WTA Tour decided that this would be Graf's status for the purpose of seeding when she made a comeback. The position will be reviewed during her next tournament, the Lipton Championships at Key Biscayne, Florida, which start next Thursday.

Graf is entitled to regard every match she completes without physical mishap as a bonus, particularly bearing in mind the fears that her career might have been over when she missed Wimbledon and the

John Roberts on the changing role of a tennis champion turned underdog

United States Open last year and was unable to compete at the Australian Open at the beginning of this year.

"I'm happy with the way it is going," Graf said, "but I am not asking myself to win any specific tournaments and I am not going to be unhappy if things don't fall into place, because I

am trying and I can only try the best I can. I have a lot of room for improvement. I still think that I will be able to move around the court better and probably find a little more security around my game."

Her months of rehabilitation in Austria were relieved by interesting diversions. "I spent a lot of time close to Vienna. I kept myself busy going to plays, or going to concerts. I saw U2 and I saw David Bowie, *Fiddler on the Roof*, and went to the circus. I went to galleries and to a great exhibition in Vienna. And I spent a lot of time at

home, actually making new friends and meeting new people, finally having time for my friends and my dogs."

Perceived as imperturbable during a record number of 374 weeks as the world No 1 and when winning Wimbledon on seven occasions, Graf is now experiencing the strange sensation of being a sentimental favourite.

"It has been extremely emotional," she said. "People have been so supportive, saying they love for me to be back and hope I am going to make it. I have been a little emotional and nervous in the start of my

matches, but then I seem to find my rhythm. I have never been somebody who was very nervous or anxious to go out there, but that has changed a little."

"It has been a little bit intimidating playing with the crowd behind you, at least in the beginning, when you walk on the court and people are cheering for you, especially in Hannover, and here during the first match. It has been different, and it makes me think what I went through in the last few months to get to that point, and that kind of makes me happy to be able to go through a moment like that."

Everton agree fee for Sierra

Football

By Alan Nixon

HOWARD KENDALL has set up a £3m deal to sign the Chilean international, Jose Luis Sierra. The Everton manager has agreed a fee of £1.7m for the 29-year-old Colo Colo midfielder, who featured prominently in his country's recent victory over England at Wembley.

Kendall hopes to complete the deal over the weekend, though his Aston Villa counterpart, John Gregory, is also interested. There is no need to apply for a work permit for Sierra as he has an Italian passport.

West Ham have admitted interest in another Chilean, the tough-tackling defender Javier Margas. It is unlikely he will be able to sign in time to beat the transfer deadline, though.

Bolton are trying to sign the Wolves striker, Don Goodman, whose goal put Leeds out of the FA Cup last week, in a swap deal for Jamie Pollock, who has told Todd he wants to leave quickly. He is rated at around £700,000.

If Crystal Palace are intent on signing Paul Gascoigne, they may find themselves with little opposition. The competition was dropping away yesterday.

Middlesbrough's manager, Bryan Robson, dismissed reports that he wanted to buy the England midfielder, saying, "I wish I had the money."

Although Robson might yet be interested in a loan deal to take Gascoigne to the Riverside until the end of the season, Everton and Derby have ruled themselves out of the chase.

Gianluca Vialli, the Chelsea manager, has found a way to accommodate the first-team aspirations of his two goalkeepers. Ed de Goey will play in the Cup-Winners' Cup ties and Coca-Cola Cup final, with Dimitri Kharin, appearing in Premiership games.

Chelsea's captain, Dennis Wise, has received a two-match ban from the Football Association for collecting 11 bookings this season. He will miss the Premiership games at West Ham and Derby.

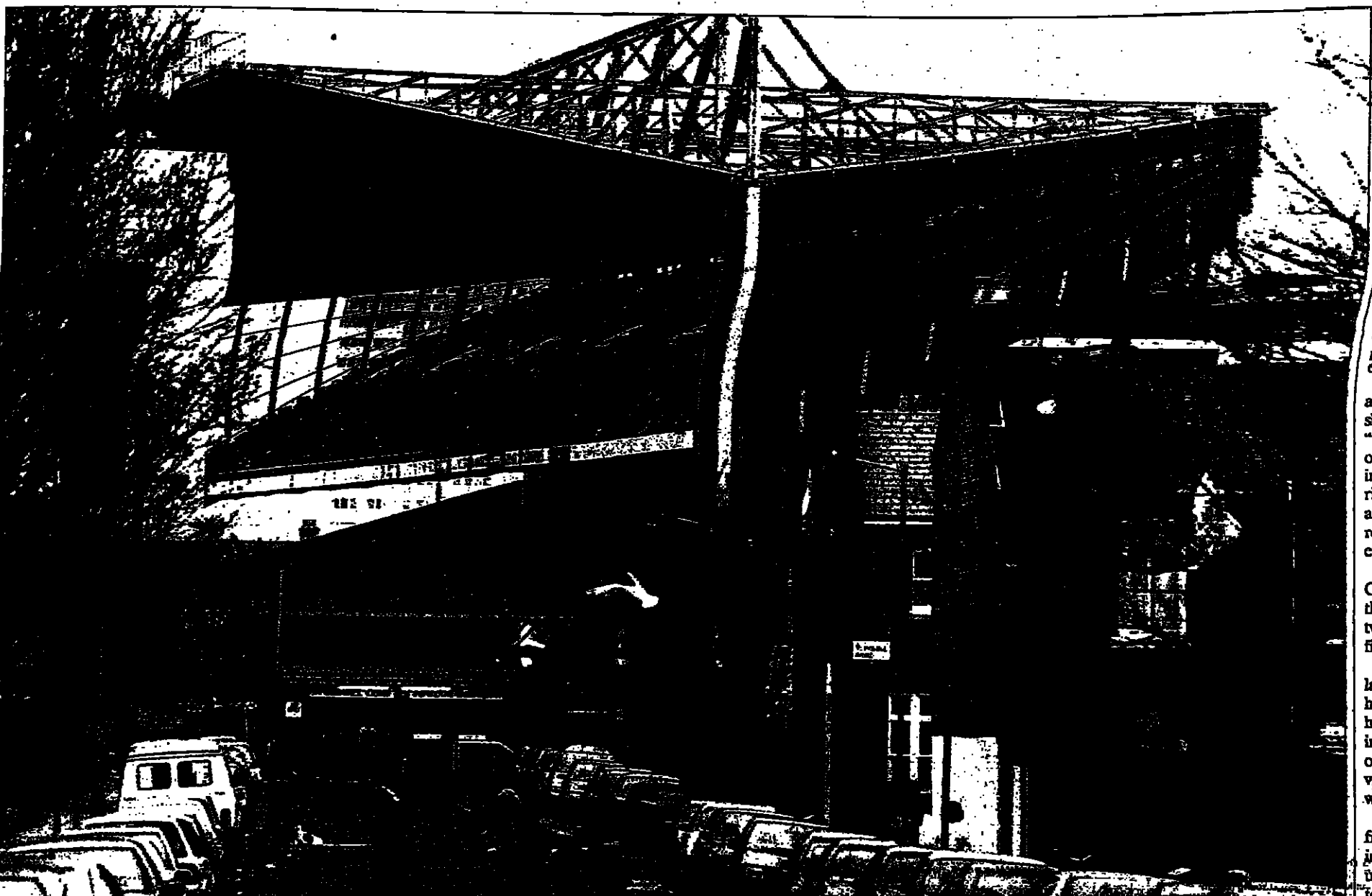
Everton's Croatian international defender Slaven Bilic has been given a three-match suspension. Bilic was sent off during the 2-1 defeat at Southampton last weekend.

Neville Southall, Everton's long-serving goalkeeper, is set to become the player-coach at Stoke City. The Welshman will leave Goodison Park on a free transfer after 16 years.

West Bromwich Albion are hoping to complete the signing of Manchester City's Australian defender, Jason van Blerk, for £250,000.

The Wales coach, Bobby Gould, has appointed Graham Williams as his assistant. Williams has had a 25-year coaching career in the Middle East, Europe and Africa.

Lincoln City are expected to name their new manager today, following John Beck's sacking this week. Beck is planning to take the club to court, claiming unfair dismissal.



Nowhere to go: Terraced houses hem in Highbury, leaving Arsenal little room to expand the 38,000 capacity of their compact ground

Photograph: Peter Jay

Highbury's growing pains

ARSENAL may or may not set up home beneath Wembley's Twin Towers, but one thing is plain. They have outgrown Highbury. This is a club which measures itself not against Chelsea or even Spurs. The yardstick is Manchester United, or the foreign aristocrats like Milan, Bayern or Real Madrid – and for a club that sees itself as a founder member of any European Super League the comparison is shaming.

San Siro in Milan holds 75,000, Old Trafford 56,000, and Highbury just 38,000. United's turnover of £88m for the 1996-97 season eclipsed Arsenal's £27.2m; its gate receipts, at £30m, were three times as great. Very quickly, this translates into the power to pay the wages needed to maintain a top-class squad. Ultimately Arsenal will simply be unable to compete.

Basically there are four options: do nothing (and invite second-class status); adopt a minimalist "fill-in-the-corners" solution at Highbury, that would lift capacity to 45,000 but leave the ground's "footprint" intact; rip down the existing South and West Stands and remake Highbury a state-of-the-art stadium holding 50,000 or more; or move elsewhere.

Among possible destinations, the two front-runners are a "brown field" site on derelict land near King's Cross Station, costing perhaps £75m, or Wembley, for which Arsenal is reputedly bidding up to £100m.

But why, it may be asked, all the fuss about crowds of 55,000 when in the pre-Taylor days, crowds of 60,000 plus for big games were commonplace? One answer is that, in fact, average attendances used to be lower than is fondly remembered. The expectation now is that a 55,000-capacity ground would be sold out for every game, be it against Liverpool, Manchester United or Barnsley. By contrast, Arsenal attracted only 41,000-per game in 1971-72, despite having won the Double the year before.

And then there is gentrification. Not only the gentrification of football, as terraces once reeking of beer and urine have been turned into family-friendly seated enclosures and the Premiership has been transformed into one of the most glamorous leagues in the world. But also, more problematically, the gen-



Arsenal's London palace is too small for a club aiming to join the kings of Europe. Rupert Cornwell reports

trification of the neighbourhoods around Highbury too. Blairland NI is but a mile away, a nice terraced house in N5 can fetch £350,000-plus – fully three months wages for Dennis Bergkamp. Had Highbury remained the working-class preserve of yesteryear, expansion would have gone through on the nod. But these are residents who demand a quality of life to match their mortgage.

They are, for instance, unamused at having their streets taken over by the cars that have replaced the bus and underground as the modern sup-

porter's preferred mode of transport, and render their streets unusable twice at weekends and a couple of evenings a month. "It's a bit like a siege," says Alison Carmichael of the Highbury Community Association (HCA) which is leading the residents' revolt. "You get big cars with chauffeurs, who keep the engines running for two hours while their boss is inside the ground."

And, the HCA wonders, would 50,000 or 55,000 be the end of it? Ken Friar, Arsenal's managing director, has let slip a guess that the club's potential

regular attendance could be as high as 65,000.

It is only 10 years since the old Clock End was redeveloped, and just five since the gorgeous £20m stand which replaced the North Bank opened for business. And now, talk of another makeover. Who's to say that a few years down the line, especially if a European Super League takes off, Arsenal don't come back asking for another 10,000 seats?

But even filling in the corners, or rebuilding the West and South sides of the ground is only part of the story. The pitch itself, at 110 yards by 73 yards, is one of the smallest in the Premiership, ineligible for international games. Arsène Wenger, the Arsenal manager, has lamented a playing area "made for old English football... Teams come to Highbury and defend deep and wait for mistakes... Long ball, good header, deflection, goal."

That is not the style Wenger likes to play, though some would say it brought George Graham a pile of silverware. In any major rebuilding, the pitch would be both widened and lengthened. Some 30 houses immediately behind the West Stand would be demolished – several of them communities of elderly tenants living alone, terrified at the prospect of moving.

It is by no means certain that the bid for Wembley will succeed, but if it does it poses the question as to what would become of Highbury. The council is keen that it remains a leisure facility, so a lucrative housing redevelopment would appear to be ruled out – though even if that were allowed one estimate is that the land is worth only around £10m. One intriguing alternative has been mooted recently: that Arsenal sell the stadium to Wimbledon, currently billeted at Crystal Palace's Selhurst Park.

That would surely risk alienating Arsenal's local support and, all other things being equal, the club would like to stay at Highbury, its home since 1913. But a long wrangle looms with Islington council and local residents, even assuming permission finally is granted for an expansion that would satisfy the club. The nearest solution would be King's Cross, relatively close and with excellent transport links. But again, traffic problems could thwart it. The siege of the chauffeurs is set to continue.

Rusedski recovers his touch

GREG RUSEDSKI recovered his composure to beat the American Vincent Spadea in three sets and move into the third round of the ATP Champions' Cup in Indian Wells, California.

Rusedski, the British No 1 who is seeded six, lost the first set and was 2-0 down in the second before he began to wear down his unseeded opponent and triumph 4-6, 6-3, 6-4.

"I believe I can get back from any position now," said Rusedski, who next plays Carlos Moya. "I think I've solidified my game on returns. I think I'm competing a lot better. That's the key right now. I'm down a set and a break, and I don't feel like I'm relying on my serve. I have other things that work for me."

The former world No 1 Jim Courier joined Andre Agassi on the comeback trail, surviving two match points to oust the fifth seed, Jonas Bjorkman.

Courier, hampered since last summer by an arm injury, has seen his ranking fall to 46, his lowest since 1989. After an indifferent first set, he turned on some of his old power, survived two match points and won 4-6, 6-1, 7-6.

Agassi, who has improved from 141 in the world to No 40 in just six weeks, continued his upward climb with a 6-2, 6-4 victory over the 14th seed, Sergi Bruguera.

Martina Hingis dug her way out of a second-set hole to pull off a straight-sets victory over Conchita Martinez in the quarter-finals of the Evert Cup, which is also being played in Indian Wells.

Hingis, the top seed, won the first set easily then fell behind 5-1 in the second but reeled off six straight games to win 6-1, 7-5 and advance to a semi-final encounter with the eighth-seeded American Venus Williams.

In the day's other quarter-final, second seed and defending champion Lindsay Davenport defeated unseeded American Sandra Cacic 6-1, 7-5 and advanced to play Steffi Graf.

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Betts back in Wigan squad

Rugby League

By Dave Hadfield

WIGAN will have the ideal boost for their Silk Cut Challenge Cup quarter-final against St Helens with the first appearance of Denis Betts since his return to the club.

Betts has been out since tearing shoulder muscles playing for the Auckland Warriors in last year's World Club Championship, but he has been added to the squad for Sunday – and could even start the match if Henry Paul fails a test on a calf injury.

"It's a bit of a risk playing him without previously having a game," the Wigan coach, John Monie, said. "But if you were going to take that risk with anyone, it would be with Denis Betts. He will give the other guys a lift just by being there."

Monie's plan is that Betts should start on the bench, but he could even be promoted to the starting line-up if Paul fails to recover from his injury.

If Paul is ruled out, Monie will move his captain, Andy Farrell, to stand-off, with either Betts or the promising Lee Gilmour coming into the back row of the pack.

The other change sees the winter signing from the London Broncos, Tony Mestrov, start in the front row in place of Neil Cowie, who drops to the bench.

Cowie has been penalised for a sub-standard showing at Dewsbury in the last round.

Klinsmann's escape clause

TOTTENHAM's Jürgen Klinsmann saga rumbled on yesterday, with the German international emphasising the must-play clause in his contract, while his coach, Christian Gross, insisted on his right to drop Klinsmann.

Klinsmann, signed until the end of the season, reiterated yesterday that he has a clause in his contract stating he cannot be dropped.

"In theory I could say I was leaving immediately and I would get a free transfer," he told a Swiss newspaper. "I have this

clause in my contract. The players know about it but I have never talked about it very much."

The pair had a stand-up row in the players' tunnel after Spurs' game against Bolton 11 days ago when Klinsmann told the Swiss coach his tactics were all wrong.

"If I'm not satisfied with his commitment and his approach I will drop him," Gross said. "It is not a dilemma for me. There may be a game in which for a tactical reason I leave him out but I think he is adult enough and intelligent enough to accept

something like that. He won't leave Tottenham before the end of his contract."

"I have never had such an agreement with any player before but told him when I went out to Italy to sign him that I needed him as a leader. I agreed to the clause in his contract because I never imagined I would drop him."

"But he shouldn't talk to the media about his contract because he is putting himself under even more pressure. He is under an obligation and we need goals from him."

Western pair have Twin Towers within sight

Non-League notebook

By Rupert Metcalf

WHILE Arsenal are hoping to play at Wembley for commercial reasons, twelve clubs will tomorrow try to take the more traditional route to the Twin Towers – a route where pride and dreams matter more than money. The FA Umbro Trophy reaches the quarter-final stage, while the first-leg games in the FA Carlsberg Vase semi-finals also take place.

The capital will see the biggest invasion from the West Country since the Countryside march 12 days ago if the two sides from the Screwfix Direct Western League in the last four of the Vase prevail. Triverton entertain Kidsgrove while Taunton are also at home tomorrow, to Tow Law.

Both Triverton and Taunton could probably hold their own in the GM Vauxhall Conference but both have chosen to turn down opportunities for promotion from the Western

League for geographical and economic reasons. They are the favourites to reach Wembley – but it will not be easy.

Kidsgrove, from Staffordshire, are prolific scorers. They have three players, Scott Dundas, Paul Kiely and Richard Batho, who have struck an amazing 79 goals between them in all competitions this season.

For Tow Law, the long trip from County Durham to Somerset will make a change from the road to Suffolk – they have put out Sudbury Town and

Sudbury Wanderers in the last two rounds. They will hope to do enough at Taunton to keep the tie alive for the second leg tomorrow week at their Ironworks Road ground – in what one Suffolk newspaper described this week as "virtual bandit country".

In the Trophy, Barrow fans will be filling at least 13 coaches for the huge journey to Dover. The Cambrians may even have more supporters than the home team at the Crabble ground on the Kent coast.

FA infuriated by Arsenal's bid for Wembley

Football

By Guy Hodgson
and Andrew Yates

WHEN Arsenal complained of feeling cramped in their Highbury home, a new stadium on the M25 or at King's Cross was envisaged. Instead they have infuriated the Football Association and even upset the Government by bidding for Wembley.

Yesterday Arsenal made an official offer to buy the ageing stadium which only the day before had been described by Fifa, football's world governing body, as the centrepiece of England's attempt to stage the World Cup of 2006. At a stroke a spanner was thrown in the works of that bid and in the £240m funding of the national stadium, £120m of which was being provided by the National Lottery.

Arsenal are understood to have offered around £100m and may be prepared to go higher, but they would also have to spend many millions more to update an ageing ground. As a private company there is no possibility of them receiving lottery cash.

Coming just 24 hours after the Prime Minister gave government backing to the World Cup bid by meeting Fifa's president, Joao Havelange, the timing is an embarrassment to say the least. "I have spoken to various people at Arsenal and Wembley," Tony Banks, the Sports Minister, said yesterday, "and now we need to get this sorted by the end of the month. All I can add is that the matter needs to be clarified very quickly."

The FA also called for a swift resolution. "We have to assume they believe they are acting in the interests of their club and its supporters," its statement read. "However the Government and the rest of football have made it clear what we believe is in the nation's interests. We have worked immensely hard with the English National Stadium Trust on the proposal to buy Wembley Stadium with Lottery money. So it is now up to the Wembley board to make up its mind between the two bids.

"A deadline of 31 March has been set by the English Sports Council. That must be met to enable the scheduled rebuilding of the new national stadium to begin next year. Negotiations continue."

Arsenal's move stems from their desperation to increase their 38,000 capacity. Ideally they would prefer to expand Highbury but to do that they would need to demolish houses and they have been thwarted by objections from local residents. However a move to Wembley would not necessarily be backed by many fans of a club which has strong roots in Highbury and Islington. All the same it will not have escaped the attention of the club's vice-chairman, David Dein, that Arsenal's inclusion in any future European Super League could depend on the bonus they can put on seats. In that light, Wembley's tradition as well as its 75,000 capacity become very attractive.

Whatever the motives, the immediate winners were Wembley plc, which now has two bidders for its principal asset instead of the expected one. Sources suggest it is willing to sell to Arsenal at the right price. Its shares rose 14p to 364.5 yesterday and at one stage were up 22. A spokesman for the leisure group said: "We remain committed to the national stadium project but we are in the curious position where we are a commercial organisation and have to bear in mind the interests of our shareholders. If people come to us with a proposal, we have to listen to it. We don't know what the figures are at the moment and it's not like a normal proposition where money is the bottom line. There are lots of elements to consider."

Highbury hubris, page 30

Ramprakash stands firm amid failure

Cricket

By Derek Pringle
in Bridgetown, Barbados

England 163-5 v West Indies

ENGLAND'S cricketers, despite their fine showing here four years ago, have never taken to Barbados as happily as holidaymakers, who find their way here from Blighty. But if one lot are used to being cooked by the sun before dinner, the others were more in danger of being roasted by lunch, as the West Indies fast bowlers once more demonstrated their superiority on home soil and a pitch made for Test cricket rather than a lottery.

This was back to the Caribbean cricket of recent history: brutal, fast and unstinting fast bowling by men seemingly taller than giants. The average age of the home side may have risen to over 30, but they smell an opening just as a child can smell sweets, and only another plucky half-century by Mark Ramprakash, his second in successive Tests, and a spirited 32 from Jack Russell, prevented a first-day rout after Michael Atherton had lost the toss.

Although his failure with the coin is legendary, Atherton's failure with the bat is a recent phenomenon, and another low score again meant his side were exposed without a steady platform to build upon.

As both captains had suggested long before the match began, the new ball was to prove crucial, the extra bounce undoing both openers, as the home side resorted to their familiar strengths of accurate and hostile fast bowling.

It is not clear what Atherton would have done had he won the toss, but there was little wrong with the pitch after he and Alec Stewart, greeted by a tumultuous roar, walked out to open the innings. In fact, there was little wrong with it two hours later, when England lunched on 55 for 4, a situation made even less promising by Graham Thorpe's retirement from a back spasm. He apparently suffered it as he ducked under one of the many bouncers being directed England's way.

Thorpe later returned to offer some much needed resistance. The omens had looked good for England as they got off to a cracking start, but Walsh and Ambrose are not two of the leading wicket takers in history for nothing. On even paced pitches like this one, they feel their way into a situation, not tentatively, but like Greek Gods probing with thunderbolts.

For once the pressure got to Stewart. Tucking into a rare bad ball from Ambrose, Stewart, clearly at home on this Oval-like pitch, was looking in fine fettle until Walsh, getting one to bounce from short of a length, had him caught behind by David Williams. By the Surrey man's impeccable standards it was a soft dismissal.

Predictably, the wicket sent the fast men into overdrive. Four overs later, Atherton, top-edging Walsh to Ambrose at long leg, followed his opening partner back to the pavilion, his run of low scores clearly forcing him into the ambitious hook shot that brought his downfall.

It is never easy captaining a side when you are barely contributing yourself and Atherton, averaging 13 from his eight Test innings so far, will have had his normally lucid thoughts scrambled by searching for cures to his batting malaise.

BRIDGETOWN SCOREBOARD

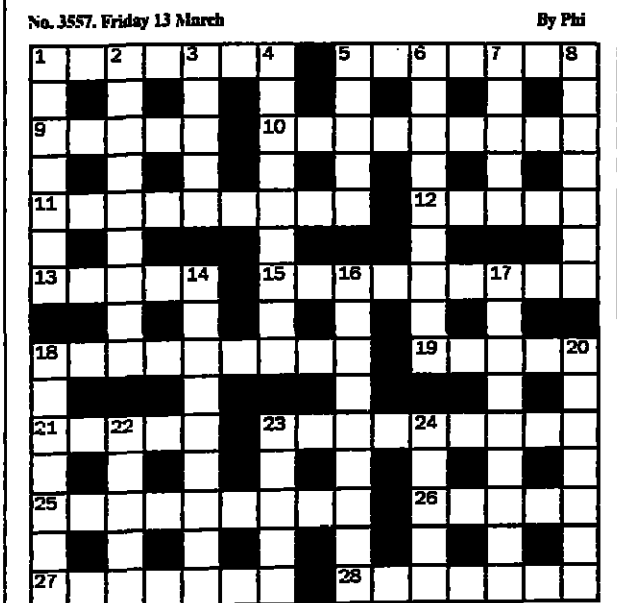
West Indies won toss
ENGLAND - First Innings
*M A Atherton c Ambrose b Walsh 11 (42 min, 28 balls, 2 fours)
A J Stewart c D Williams b Walsh 12 (23 min, 12 balls, 2 fours)
M A Butcher c Hooper b Ambrose 15 (53 min, 52 balls, 1 four)
N Hussain c Lara b McLean 5 (22 min, 17 balls, 1 four)
G P Thorpe not out 10 (76 min, 58 balls, 6 fours)
M R Ramprakash not out 45 (135 min, 122 balls, 6 fours)
R C Russell c Lambert b Hooper 32 (59 min, 71 balls, 5 fours)
Extras (bats 12, non-bats 6) 18
Total (for 5, 243 min, 58 overs) 149
Fall: 1-23 (Stewart) 2-24 (Atherton) 3-33 (Hussain) 4-53 (Butcher) 5-131 (Russell)
To bat: A R Caddick, D W Headley, A R C Fraser, P C R Turner
Bowling (to date): Walsh 12-4-35-2 (9-3-24-2, 3-1-11-0); Ambrose 12-4-20-1 (10-1-11-0, 2-3-5-1); McLean 9-1-39-1 (5-1-18-1, 3-0-23-0); Hooper 15-5-24-1 (3-2-1-0, 12-3-23-1); Bishop 8-0-51-0 (10-0) (one spell)
Progress: First day: 50: 34 min, 20 overs. Lunch: 55-4 (Thorpe 5, Ramprakash 2) 28 overs. Thorpe retired hurt at lunch with back spasm and returned at the fall of the fifth wicket. 100: 107 min, 41.3 overs.
WEST INDIES: C B Lambert, P A Wallace, *B C Lara, S Chandrasekhar, C L Hooper, R C Holder, TD Williams, I R Bishop, C E L Ambrose, N A M McLean, C A Walsh
Umpires: C J Mitchell and E Nicholls

ly taken by a leaping Brian Lara at first slip.
By now the potency of the new ball had begun to wane. But if it became less easy to dismiss batsmen, England suffered almost as badly when Thorpe ricked his back. Twice treated on the field by the England physio Wayne Morton, Thorpe soldiered on until lunch, by which time England, reeling at 53 for 4, had also lost Mark Butcher.
Thorpe was clearly in agony and with the Surrey left-hander temporarily retiring hurt, it was left to the out of form Jack Russell to partner the in-form Mark



Michael Atherton's hook is his last shot in the first innings as the England captain was caught by Curtly Ambrose for 11 runs in Bridgetown yesterday
Photograph: David Ashdown

THE INDEPENDENT CROSSWORD



- ACROSS
- Produced drop in final instalment of ground rent (7)
 - Cast includes one British relative (7)
 - Scots river still associated with Loch (5)
 - Match is abandoned as some questions asked (9)
 - A friend given to black porcelain (4,5)
 - Attendee has right communications device (5)
 - What water-sportsman may use following boat (5)
 - All the runners scramble! Some investigation needed (5,4)
 - Car that's crashed in the Dover (9)
 - Drinks last of ale in error (5)
 - In due course one gets out
- of marketing in recession (5)
British want to hit judo expert? (5,4)
Most broil when this volcano erupts! (9)
Girl's revolutionary in footballing organisation (5)
Trees reflecting silent chill (7)
Demand and take heart from lady - but nicely (7)
DOWN- Composer of French stories about Baron (7)
- Ingenious and fashionable feature of jacket I have (9)
- Critique one beginning to cause alarm (5)
- Deft clue I concocted is misleading (9)
- Religious text confused more than half of Australia (5)

Thursday's solution

1. RHYTHM 2. VERTICAL 3. CLOSURE 4. NOTHING 5. RHYTHM 6. NOTHING 7. RHYTHM 8. NOTHING 9. RHYTHM 10. NOTHING 11. RHYTHM 12. NOTHING 13. RHYTHM 14. NOTHING 15. RHYTHM 16. NOTHING 17. RHYTHM 18. NOTHING 19. RHYTHM 20. NOTHING 21. RHYTHM 22. NOTHING 23. RHYTHM 24. NOTHING 25. RHYTHM 26. NOTHING 27. RHYTHM 28. NOTHING

McLaren ponder Coulthard and Hakkinen's handshake

Motor racing

McLAREN will discuss whether to continue the controversial agreement between the Formula One team's drivers, Mika Hakkinen and David Coulthard, before the Brazilian Grand Prix.

A McLaren spokeswoman said Hakkinen and Coulthard's first and second place at the Australian Grand Prix, after Coulthard had waved his team-mate through, was a "freak occurrence and is unlikely to happen again".

McLaren reached the corner first but made an unnecessary pit stop, leaving Coulthard in the lead. However, the Scot decided to let his team-mate through in light of their agreement, a decision which angered race organisers and punters.

The agreement was due to cover the Brazilian Grand Prix on 29 March, but the team will decide if it should continue.

"When we get out to Brazil we will have to discuss it. The objective for the team must be to come away with as many points as possible," she said.

The sport's ruling body, the FIA, announced on Monday the team would not be punished for the agreement. The McLaren team principal, Ron Dennis, said other teams were embarrassed that they had not followed McLaren's lead in developing their brake system.

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